



OHIO AUDITOR OF STATE
KEITH FABER



**NEW BOSTON LOCAL SCHOOL DISTRICT
SCIOTO COUNTY
JUNE 30, 2022**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet	
Governmental Funds.....	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) General Fund.....	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) Elementary and Secondary School Emergency Relief Fund	20
Notes to the Basic Financial Statements	21
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability - School Employees Retirement System of Ohio Last Nine Fiscal Years.....	60
Schedule of the School District's Proportionate Share of the Net OPEB Liability – School Employees Retirement System of Ohio Last Six Fiscal Years.....	62
Schedule of the School District's Proportionate Share of the Net Pension Liability - State Teachers Retirement System of Ohio Last Nine Fiscal Years	64

**NEW BOSTON LOCAL SCHOOL DISTRICT
SCIOTO COUNTY
JUNE 30, 2022**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset) State Teachers Retirement System of Ohio Last Six Fiscal Years.....	66
Schedule of the School District's Contributions – School Employees Retirement System of Ohio Last Ten Fiscal Years.....	68
Schedule of the School District's Contributions – State Teachers Retirement System of Ohio Last Ten Fiscal Years.....	70
Notes to the Required Supplementary Information.....	73
Schedule of Expenditures of Federal Awards.....	79
Notes to the Schedule of Expenditures of Federal Awards	80
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	81
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	83
Schedule of Findings.....	87
Prepared by Management: Corrective Action Plan	91

OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S REPORT

New Boston Local School District
Scioto County
#1 Glenwood Tiger Trail
New Boston, Ohio 45662

To the Board of Education:

Report of the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, for fiscal year 2022, the School District recognized an intangible asset which had not been recognized in previous years resulting in the restatement to net position at July 1, 2021. Also, as discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2023, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



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

This page intentionally left blank.

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2022

Unaudited

As management of the New Boston Local School District, we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the additional information that we have provided in the basic financial statements and in the notes to the basic financial statements to enhance their understanding of the School District's performance.

Financial Highlights

- Net position of governmental activities increased \$192,943.
- The most significant changes from the prior fiscal year are due to the State-wide pension systems' changes in assumptions and benefit terms.

Using the Basic Financial Statements

This report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the New Boston Local School District as a financial whole, an entire operating entity.

The Statement of Net Position and the 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 major funds with all other nonmajor funds presented in total in one column. The major funds for the New Boston Local School District are the General Fund, Elementary and Secondary School Emergency Relief Fund and the Bond Retirement Debt Service Fund.

Reporting the School District as a Whole

One of the most important questions asked about the School District is "How did we do financially during fiscal year 2022?"

The Statement of Net Position and the Statements of Activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These government-wide financial statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2022

Unaudited

These two statements report the School District's net position and change in net position. The 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. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the School District's property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's major funds, which are the General Fund, Elementary and Secondary School Emergency Relief Fund and the Bond Retirement Debt Service Fund.

Governmental Funds – Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal 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 determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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 2022 compared to fiscal year 2021.

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2022

Unaudited

(Table 1)
Net Position
Governmental Activities

	2022	Restated 2021	Increase/ (Decrease)
Assets			
Current Assets	\$8,982,580	\$8,743,367	\$239,213
Net OPEB Asset	393,571	322,686	70,885
Capital Assets, Net	15,270,524	15,681,174	(410,650)
Total Assets	<u>24,646,675</u>	<u>24,747,227</u>	<u>(100,552)</u>
Deferred Outflows of Resources			
Pension	1,433,538	1,106,235	327,303
OPEB	223,312	215,721	7,591
Total Deferred Outflows of Resources	<u>1,656,850</u>	<u>1,321,956</u>	<u>334,894</u>
Liabilities			
Other Liabilities	760,204	553,982	206,222
Long-Term Liabilities			
Due Within One Year	172,868	171,576	1,292
Due In More Than One Year:			
Net Pension Liability	3,382,927	6,104,906	(2,721,979)
Net OPEB Liability	525,385	567,514	(42,129)
Other Amounts	3,072,460	3,128,716	(56,256)
Total Liabilities	<u>7,913,844</u>	<u>10,526,694</u>	<u>(2,612,850)</u>
Deferred Inflows of Resources			
Property Taxes	1,404,472	1,335,295	69,177
Pension	2,629,145	119,095	2,510,050
OPEB	788,249	713,227	75,022
Total Deferred Inflows of Resources	<u>4,821,866</u>	<u>2,167,617</u>	<u>2,654,249</u>
Net Position			
Net Investment in Capital Assets	12,587,072	12,832,149	(245,077)
Restricted	1,263,032	1,376,516	(113,484)
Unrestricted (Deficit)	(282,289)	(833,793)	551,504
Total Net Position	<u>\$13,567,815</u>	<u>\$13,374,872</u>	<u>\$192,943</u>

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2022

Unaudited

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained 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.

Total assets of governmental activities decreased \$100,552. The decrease was primarily due to a decrease in Capital Assets, which was primarily due to current year depreciation exceeding current year additions.

Total liabilities decreased \$2,612,850 for fiscal year 2022, mainly due to a decrease in net pension liability due to the State-wide pension systems' changes in assumptions and benefit terms. Deferred inflows of resources increased mainly due to the difference between projected and actual earnings on pension plan investments.

Net investment in capital assets for governmental activities decreased \$245,077. The decrease is due to fiscal year 2022 depreciation exceeding asset additions. Unrestricted Net Position for governmental activities increased by \$551,504, mainly due to the increase in intergovernmental revenue and the changes to the State-wide pension systems' assumptions and benefit terms.

Table 2 shows the highlights of the School District's revenues and expenses for fiscal years 2022 and 2021. These two main components are subtracted to yield the change in net position. This table uses the full accrual method of accounting.

Revenue is further divided into two major components: Program Revenues and General Revenues. Program Revenues are defined as charges for services and sales, operating grants, contributions, and restricted interest. General Revenues include property taxes, unrestricted grants, such as State foundation support, unrestricted investment earnings and miscellaneous revenues.

Expenses are shown in programs that are easily identifiable utilizing the current Uniform School Accounting System (USAS) coding structure.

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2022

Unaudited

(Table 2)
Change in Net Position

	Governmental Activities		Increase/ (Decrease)
	2022	Restated 2021	
Revenues			
Program Revenues:			
Charges for Services and Sales	\$188,423	\$1,150,136	(\$961,713)
Operating Grants, Contributions, and Interest	2,181,115	1,528,313	652,802
Total Program Revenues	2,369,538	2,678,449	(308,911)
General Revenues:			
Property Taxes Levied for General Purposes	1,421,012	1,457,569	(36,557)
Grants and Entitlements not Restricted to Specific Programs	4,014,238	3,104,426	909,812
Contributions not Restricted to Specific Programs	0	1,200	(1,200)
Investment Earnings	(30,299)	11,616	(41,915)
Miscellaneous	319,974	146,072	173,902
Total General Revenues	5,724,925	4,720,883	1,004,042
Total Revenues	8,094,463	7,399,332	695,131
Program Expenses			
Instruction:			
Regular	3,079,124	3,354,594	(275,470)
Special	996,319	870,174	126,145
Vocational	35,398	6,233	29,165
Support Services:			
Pupils	238,105	267,534	(29,429)
Instructional Staff	184,902	202,614	(17,712)
Board of Education	41,261	12,795	28,466
Administration	665,829	672,174	(6,345)
Fiscal	316,215	297,732	18,483
Operation and Maintenance of Plant	1,387,408	712,951	674,457
Pupil Transportation	208,825	283,332	(74,507)
Central	29,525	400	29,125
Operation of Non-Instructional Services:			
Food Service Operations	420,809	366,338	54,471
Extracurricular Activities	184,585	114,356	70,229
Interest and Fiscal Charges	113,215	106,231	6,984
Total Expenses	7,901,520	7,267,458	634,062
Change in Net Position	192,943	131,874	61,069
Net Position at Beginning of Year	13,374,872	N/A	N/A
Net Position at End of Year	\$13,567,815	\$13,374,872	192,943

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Governmental Activities

Program Revenues decreased \$308,911 compared to fiscal year 2021. The decrease is due to the School District receiving a decrease in tuition related to a reduction in open enrollment during the fiscal year. General revenues were \$5,724,925 of total revenues for fiscal year 2022, which is mainly due to grants and entitlements not restricted to specific programs. Grants and entitlements not restricted to specific programs increased due to a change in the State's funding formula.

As should be expected, instruction costs represent the largest of the School District's expenses, \$4,110,841 for fiscal year 2022. The instruction category, however, does not include all activities associated with educating students. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for \$631,832 of governmental expenses. Maintenance of the School District's facilities also represents a significant expense of \$1,387,408. In total, expenses increased \$634,062. Overall, expenses increased predominately due to a large increase in Elementary and Secondary School Emergency Relief II related to salaries and equipment for the School District.

The School District's Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$7,725,885 and expenditures of \$8,131,374. The total net change in fund balances for the fiscal year was a decrease of \$405,489.

The General Fund had an increase in fund balance of \$98,806 during the fiscal year, mainly due to revenues continuing to outpace expenditures.

The Elementary and Secondary School Emergency Relief Fund had a decrease in fund balance of \$351,004 during the fiscal year, which was mainly due to an increase in expenditures during the year.

The Bond Retirement Debt Service Fund had an increase in fund balance of \$38,812 during the fiscal year, which is not significant.

General Fund - Budget Highlights

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

During the course of fiscal year 2022, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. A summary of the General Fund original and final budgeted amounts is listed on page 19, as well as the actual amounts. A variance comparison is presented between the final budgeted amount and the actual amounts.

A review of the budgetary comparison statement for the General Fund reflects an overall decrease of \$168,176 between the original budget and final budgeted revenues, which is due to a decrease in tuition and fees. This was mainly due to a decrease in open enrollment.

The increase in expenditures from the original to the final budget was \$82,029. This is mostly related to an operation and maintenance of plant, due to the addition of new equipment.

NEW BOSTON LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Capital Assets

At the end of fiscal year 2022, the School District had \$15,270,524 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles which represented a decrease of \$410,650. The decrease was mainly due current fiscal year depreciation exceeding asset additions.

For more information on capital assets, refer to Note 10 in the notes to the basic financial statements.

Debt Administration

At June 30, 2022, the School District had \$2,830,213 in total outstanding debt consisting of bonds, accretion on Capital Appreciation Bonds and bond premium on School Facilities Construction and Improvement Bonds. At June 30, 2022, the School District's overall legal debt margin was \$1,546,207 with an unvoted debt margin of \$39,345. For more information on debt administration, refer to Note 15 of the notes to the basic financial statements.

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 information, contact Samantha Hamilton, Treasurer at New Boston Local School District, #1 Glenwood Tiger Trail, New Boston, Ohio 45662, or email samantha.hamilton@nbtigers.net.

NEW BOSTON LOCAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2022

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$5,398,623
Materials and Supplies Inventory	433
Inventory Held for Resale	8,165
Accrued Interest Receivable	1,721
Intergovernmental Receivable	999,604
Prepaid Items	2,450
Property Taxes Receivable	2,571,584
Net OPEB Asset	393,571
Capital Assets:	
Land and Construction in Progress	92,450
Depreciable Capital Assets, Net	<u>15,178,074</u>
<i>Total Assets</i>	<u>24,646,675</u>
<u>Deferred Outflows of Resources:</u>	
Pension	1,433,538
OPEB	<u>223,312</u>
<i>Total Deferred Outflows of Resources</i>	<u>1,656,850</u>
<u>Liabilities:</u>	
Accounts Payable	62,956
Contracts Payable	63,373
Accrued Wages and Benefits Payable	410,297
Intergovernmental Payable	158,575
Accrued Interest Payable	14,917
Employee Withholding Liability	50,086
Noncurrent Liabilities:	
Long-Term Liabilities:	
Due Within One Year	172,868
Due in More Than One Year:	
Net Pension Liability	3,382,927
Net OPEB Liability	525,385
Other Amounts	<u>3,072,460</u>
<i>Total Liabilities</i>	<u>\$7,913,844</u> (continued)

NEW BOSTON LOCAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2022

(continued)

Deferred Inflows of Resources:

Property Taxes	\$1,404,472
Pension	2,629,145
OPEB	788,249

Total Deferred Inflows of Resources 4,821,866

Net Position:

Net Investment in Capital Assets 12,587,072

Restricted for:

Debt Payment	574,507
Food Service Operations	223,081
Classroom Facilities Maintenance	185,419
Athletic Programs	68,127
Student Management Activities	27,015
Local, State and Federal Grants	183,123
Unclaimed Monies	1,760

Unrestricted (Deficit) (282,289)

Total Net Position \$13,567,815

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2022

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants, Contributions, and Interest	Revenue and Changes in Net Position
				Total Governmental Activities
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$3,079,124	\$127,812	\$364,425	(\$2,586,887)
Special	996,319	0	844,405	(151,914)
Vocational	35,398	0	2,948	(32,450)
Support Services:				
Pupils	238,105	0	0	(238,105)
Instructional Staff	184,902	0	4,802	(180,100)
Board of Education	41,261	0	0	(41,261)
Administration	665,829	0	0	(665,829)
Fiscal	316,215	0	0	(316,215)
Operation and Maintenance of Plant	1,387,408	0	509,511	(877,897)
Pupil Transportation	208,825	0	7,132	(201,693)
Central	29,525	0	0	(29,525)
Operation of Non-Instructional Services:				
Food Service Operations	420,809	7,467	439,134	25,792
Extracurricular Activities	184,585	53,144	8,758	(122,683)
Interest and Fiscal Charges	113,215	0	0	(113,215)
Total Governmental Activities	\$7,901,520	\$188,423	\$2,181,115	(5,531,982)
<u>General Revenues:</u>				
Property Taxes Levied for:				
				1,132,578
				270,575
				17,859
				4,014,238
				(30,299)
				319,974
				5,724,925
				192,943
				13,374,872
				\$13,567,815

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Elementary and Secondary School Emergency Relief Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$4,115,048	\$0	\$372,104	\$858,630	\$5,345,782
Receivables:					
Property Taxes	2,065,316	0	474,015	32,253	2,571,584
Intergovernmental	13,498	855,162	0	130,944	999,604
Accrued Interest	1,721	0	0	0	1,721
Interfund	1,051,440	0	0	0	1,051,440
Prepaid Items	2,450	0	0	0	2,450
Materials and Supplies Inventory	0	0	0	433	433
Inventory Held for Resale	0	0	0	8,165	8,165
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	52,841	0	0	0	52,841
Total Assets	\$7,302,314	\$855,162	\$846,119	\$1,030,425	\$10,034,020
<u>Liabilities:</u>					
Accounts Payable	\$49,598	\$1,243	\$0	\$12,115	\$62,956
Contracts Payable	63,373	0	0	0	63,373
Accrued Wages and Benefits Payable	312,311	27,148	0	70,838	410,297
Intergovernmental Payable	140,782	6,937	0	10,856	158,575
Interfund Payable	0	819,834	0	231,606	1,051,440
Employee Withholding Liability	41,986	0	0	8,100	50,086
Total Liabilities	608,050	855,162	0	333,515	1,796,727
<u>Deferred Inflows of Resources:</u>					
Property Taxes	1,130,141	0	256,695	17,636	1,404,472
Unavailable Revenue	885,135	370,978	204,241	89,639	1,549,993
Total Deferred Inflows of Resources	2,015,276	370,978	460,936	107,275	2,954,465
<u>Fund Balances:</u>					
Nonspendable	4,210	0	0	433	4,643
Restricted	51,081	0	385,183	687,119	1,123,383
Assigned	88,788	0	0	0	88,788
Unassigned (Deficit)	4,534,909	(370,978)	0	(97,917)	4,066,014
Total Fund Balances (Deficit)	4,678,988	(370,978)	385,183	589,635	5,282,828
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$7,302,314	\$855,162	\$846,119	\$1,030,425	\$10,034,020

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2022

Total Governmental Fund Balances \$5,282,828

*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. These assets consist of: 15,270,524

Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.

Delinquent property taxes	1,102,306	
Intergovernmental	446,895	
Interest	792	
Total		1,549,993

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (14,917)

The net pension and net OPEB liabilities (asset) are not due and payable in the current period; therefore, the liabilities (asset) and related deferred inflows/outflows are not reported in the governmental funds.

Net OPEB Asset	393,571	
Deferred Outflows - Pension	1,433,538	
Deferred Outflows - OPEB	223,312	
Net Pension Liability	(3,382,927)	
Net OPEB Liability	(525,385)	
Deferred Inflows - Pension	(2,629,145)	
Deferred Inflows - OPEB	(788,249)	
Total		(5,275,285)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds Payable	(2,380,000)	
Accretion on Capital Appreciation Bonds	(146,761)	
Premium on general obligation bonds	(303,452)	
Compensated absences	(415,115)	
Total		(3,245,328)

Net Position of Governmental Activities \$13,567,815

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

	General Fund	Elementary and Secondary School Emergency Relief Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues:</u>					
Property Taxes	\$1,145,388	\$0	\$265,893	\$18,076	\$1,429,357
Intergovernmental	4,385,795	515,885	15,076	893,224	5,809,980
Interest	(31,509)	0	392	460	(30,657)
Tuition and Fees	79,812	0	0	0	79,812
Extracurricular Activities	0	0	0	53,144	53,144
Rent	48,000	0	0	0	48,000
Charges for Services	0	0	0	7,467	7,467
Contributions and Donations	0	0	0	8,808	8,808
Miscellaneous	316,287	0	0	3,687	319,974
<i>Total Revenues</i>	<u>5,943,773</u>	<u>515,885</u>	<u>281,361</u>	<u>984,866</u>	<u>7,725,885</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	2,735,600	234,859	0	102,034	3,072,493
Special	552,883	129,107	0	397,935	1,079,925
Vocational	34,015	0	0	0	34,015
Support Services:					
Pupils	164,369	0	0	75,940	240,309
Instructional Staff	180,790	0	0	5,552	186,342
Board of Education	43,691	0	0	0	43,691
Administration	642,065	0	0	0	642,065
Fiscal	288,179	0	5,875	400	294,454
Operation and Maintenance of Plant	853,840	469,064	0	184,974	1,507,878
Pupil Transportation	177,083	0	0	0	177,083
Central	976	0	0	0	976
Operation of Non-Instructional Services:					
Food Service Operations	10,241	1,243	0	369,305	380,789
Extracurricular Activities	97,004	32,616	0	41,687	171,307
Capital Outlay	63,373	0	0	0	63,373
Debt Service:					
Principal Retirement	0	0	145,000	0	145,000
Interest and Fiscal Charges	0	0	91,674	0	91,674
<i>Total Expenditures</i>	<u>5,844,109</u>	<u>866,889</u>	<u>242,549</u>	<u>1,177,827</u>	<u>8,131,374</u>
Excess of Revenues Over(Under) Expenditures	99,664	(351,004)	38,812	(192,961)	(405,489)
<u>Other Financing Sources (Uses):</u>					
Transfers In	0	0	0	858	858
Transfers Out	(858)	0	0	0	(858)
<i>Total Other Financing Sources (Uses)</i>	<u>(858)</u>	<u>0</u>	<u>0</u>	<u>858</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	98,806	(351,004)	38,812	(192,103)	(405,489)
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>4,580,182</u>	<u>(19,974)</u>	<u>346,371</u>	<u>781,738</u>	<u>5,688,317</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$4,678,988</u>	<u>(\$370,978)</u>	<u>\$385,183</u>	<u>\$589,635</u>	<u>\$5,282,828</u>

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds (\$405,489)

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

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital asset additions	245,313	
Depreciation expense	(655,963)	
Excess of depreciation expense over capital outlay	(410,650)	(410,650)

Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are therefore recorded as deferred inflows of resources in the governmental funds. Deferred inflows of resources changed by these amounts this fiscal year:

Delinquent property taxes	(8,345)	
Intergovernmental	376,370	
Interest	553	
Total	368,578	368,578

Accretion and amortization of bond premiums and accrued interest payable on the bonds are not reported in the funds, but are allocated as an expense over the life of the debt in the Statement of Activities.

Amortization of bond premium	20,573	
Accretion on Bonds	(42,839)	
Decrease in Accrued Interest	725	
Total	(21,541)	(21,541)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consist of:

Bond payments	145,000	
---------------	---------	--

Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.

Pension	521,305	
OPEB	18,040	
Total	539,345	539,345

Except for the amounts reported as deferred inflows/outflows, changes in net position liability (asset) are reported as pension expense in the Statement of Activities.

Pension	17,927	
OPEB	27,543	
Total	45,470	45,470

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. These activities consist of:

Increase in compensated absences payable	(67,770)	
--	----------	--

Change in Net Position of Governmental Activities \$192,943

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2022

	Budget Amounts			Variance With Final Budget Over/(Under)
	Original	Final	Actual	
<u>Revenues:</u>				
Property Taxes	\$1,134,001	\$1,159,518	\$1,159,518	\$0
Intergovernmental	3,527,907	4,372,583	4,372,583	0
Investment Earnings	9,339	4,476	4,476	0
Tuition and Fees	1,092,044	79,812	79,812	0
Rent	48,500	48,000	48,000	0
Contributions and Donations	1,200	0	0	0
Miscellaneous	121,999	102,425	102,425	0
<i>Total Revenues</i>	<u>5,934,990</u>	<u>5,766,814</u>	<u>5,766,814</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	2,920,250	2,711,686	2,711,686	0
Special	545,832	564,002	564,002	0
Vocational	4,996	34,015	34,015	0
Support Services:				
Pupils	212,774	163,060	163,060	0
Instructional Staff	178,876	178,707	178,707	0
Board of Education	40,376	41,125	41,125	0
Administration	658,950	644,504	644,504	0
Fiscal	294,385	287,700	287,700	0
Operation and Maintenance of Plant	638,399	940,567	940,567	0
Pupil Transportation	193,701	176,461	176,461	0
Central	412	976	976	0
Operation of Non-Instructional Services:				
Food Service Operations	0	10,241	10,241	0
Extracurricular Activities	79,173	97,109	97,109	0
<i>Total Expenditures</i>	<u>5,768,124</u>	<u>5,850,153</u>	<u>5,850,153</u>	<u>0</u>
<i>Excess of Revenues Over(Under) Expenditures</i>	<u>166,866</u>	<u>(83,339)</u>	<u>(83,339)</u>	<u>0</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	23,250	56,831	56,831	0
Advances In	53,800	49,435	49,435	0
Advances Out	(50,717)	(367,403)	(367,403)	0
Transfers Out	0	(858)	(858)	0
<i>Total Other Financing Sources (Uses)</i>	<u>26,333</u>	<u>(261,995)</u>	<u>(261,995)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	193,199	(345,334)	(345,334)	0
<i>Fund Balance at Beginning of Year</i>	4,617,340	4,617,340	4,617,340	0
<i>Prior Year Encumbrances Appropriated</i>	<u>226,237</u>	<u>226,237</u>	<u>226,237</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$5,036,776</u>	<u>\$4,498,243</u>	<u>\$4,498,243</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
Elementary and Secondary School Emergency Relief Fund
For the Fiscal Year Ended June 30, 2022

	Budget Amounts		Actual	Variance With Final Budget Over/(Under)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$1,960,370	\$491,137	\$31,701	(\$459,436)
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	205,245	222,102	222,102	0
Special	0	107,779	107,779	0
Support Services:				
Operation and Maintenance of Plant	559,792	469,064	469,064	0
Operation of Non-Instructional Services:				
Food Service Operations	3,414	3,323	3,323	0
Extracurricular Activities	0	32,616	32,616	0
<i>Total Expenditures</i>	768,451	834,884	834,884	0
<i>Excess of Revenues Over(Under) Expenditures</i>	1,191,919	(343,747)	(803,183)	(459,436)
<u>Other Financing Sources (Uses):</u>				
Advances In	0	335,650	335,650	0
Advances Out	0	(16,651)	(16,651)	0
<i>Total Other Financing Sources (Uses)</i>	0	318,999	318,999	0
<i>Net Change in Fund Balance</i>	1,191,919	(24,748)	(484,184)	(459,436)
<i>Fund Balance at Beginning of Year</i>	(382,451)	(382,451)	(382,451)	0
<i>Prior Year Encumbrances Appropriated</i>	382,451	382,451	382,451	0
<i>Fund Balance (Deficit) at End of Year</i>	\$1,191,919	(\$24,748)	(\$484,184)	(\$459,436)

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The New Boston Local School District (the “School District”) is organized under Article VI, Sections 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 was established in 1906 through the consolidation of existing land areas and school districts. The School District serves an area of approximately six square miles. It is located in Scioto County, and includes all of the Village of New Boston. It is staffed by 22 non-certificated employees, 41 certificated teaching personnel and five administrative employees who provide services to 393 students and other community members. The School District currently operates one instructional building, one stadium, and one garage.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For New Boston Local 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 provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The School District participates in four organizations, one of which is defined as a jointly governed organization, two public entity shared risk pools, and one as an insurance purchasing pool. These organizations are presented in Note 17 to the basic financial statements.

Jointly Governed Organization:

Metropolitan Educational Technology Association (META)

Public Entity Shared Risk Pools:

Optimal Health Initiatives Consortium

Schools of Ohio Risk Sharing Authority

Insurance Purchasing Pool:

Ohio SchoolComp Workers’ Compensation Group Rating Plan

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 government-wide statements normally distinguish between those activities that are governmental and those that are considered business-type activities; however, the School District has no business-type activities.

The Statement of Net Position presents the financial condition of the governmental activities of the School District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are 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 limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain School District functions or activities into 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 rather than reporting by type. Each major fund is presented in a separate column. Non major funds are aggregated and presented in a single column.

Fund Accounting

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2022

Governmental Funds

Governmental funds are those through which most governmental functions of the School District 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 and deferred inflows of resources are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

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

Emergency and Secondary School Emergency Relief Fund – To account for and report emergency coronavirus relief restricted federal grant monies for related COVID-19 pandemic expenses.

Bond Retirement Fund – The Bond Retirement Debt Service Fund is established to account for the accumulation of resources for, and the payment of, general obligation bond principal and interest and certain other long-term obligations when the School District is obligated for the payment.

The nonmajor governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and 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 reports increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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 financial statements of the fiduciary fund 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/outflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined, and “available” means that the resources are collectible 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 60 days of 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. On an accrual basis, 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 fiscal 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 for advance and grants.

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, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for asset retirement obligations, pension and OPEB. The deferred outflows of resources related to asset retirement obligations is originally measured at the amount of the corresponding liability. This amount is expensed in a systematic and rational manner over the tangible asset’s useful life. The deferred outflows of resources related to pension and OPEB are explained Notes 12 and 13.

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants and interest. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 16. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide Statement of Net Position (See Notes 12 and 13).

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 the governmental funds.

Cash and Cash Equivalents

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 the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. The School District holds money for unclaimed monies and the amount required by State statute to be set aside to create a reserve for capital acquisitions presented as "Restricted Assets: Equity in Pooled Cash and Cash Equivalents.

During fiscal year 2022, the School District's investments were limited to a Money Market Mutual Fund, negotiable certificates of deposit and United States Treasury Bonds. Investments are reported at fair value which is based on quoted market prices. For investments in open-end mutual funds, the fair value is determined by the fund's current share price.

Following Ohio statutes, the School District has, by resolution, specified the funds to receive an allocation of interest earnings. Interest credited to the General Fund during 2022 amounted to (\$31,509), which includes (\$7,841) assigned from other School Districts 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 cash equivalents.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions. Restricted assets represent cash and cash equivalents held as unclaimed monies, as well as the amount required by State statute to be set aside to create a reserve for capital acquisitions.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable/Interfund Payable". Interfund balances are eliminated on the Statement of Net Position.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

Prepaid Items

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

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and purchased food held for resale.

Capital Assets

The School District's capital assets are general capital assets and intangible capital assets. Capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by back-trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The capitalization threshold is \$1,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	25 - 50 years
Buildings and Improvements	20 - 50 years
Furniture, Fixtures and Equipment	10 - 20 years
Vehicles	5 - 10 years

Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent 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.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

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 governmental funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in 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. Bonds that will be paid from governmental funds are recognized as an expenditure and liability on the governmental fund financial statements when due.

Pensions/Other Postemployment Benefits (OPEB)

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

Fund Balance

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the Board of Education. In the general fund, assigned amounts represent intended uses established by the Board of Education or a School District official delegated that authority by resolution or by State Statute. State Statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Treasurer has been given authority to assign amounts for these purposes by the School District Board of Education.

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 fund balance.

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. The net investment in capital assets component of net position 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 its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service operations, classroom facilities maintenance, Federal and State grants restricted to expenditures for specified purposes, and athletic programs.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position is available.

Internal 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 and are eliminated from the Statement of Activities. 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.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

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 at the fund level. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as final budgeted amounts reflect the amounts in the amended certificate requested at fiscal year-end. Before fiscal year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year-end in all funds.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year, including all supplemental appropriations. Prior to fiscal year-end, the School District passed a supplemental appropriation that reflected actual expenditures plus encumbrances for the fiscal year.

Bond Premiums and Compounded Interest on Capital Appreciation Bonds

For governmental activities, bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted each fiscal year for the compounded interest accrued during the fiscal year. Bond premiums and the compounded interest on the capital appreciation bonds are presented as an addition to the face amount of the bonds payable.

On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds were issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent. Accretion on the capital appreciation bonds is not reported. Interest on the capital appreciation bonds is recorded as an expenditure when the debt becomes due.

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.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances 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 and Actual (Budget Basis) is presented for the General Fund and the Elementary and Secondary School Emergency Relief Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund.

	<u>Net Change in Fund Balance</u>	
	<u>General</u>	<u>Elementary and Secondary School Emergency Relief</u>
GAAP Basis	\$98,806	(\$351,004)
Adjustments:		
Revenue Accruals	(155,386)	(484,184)
Expenditure Accruals	171,905	32,005
Change in Fair Value of Investments - 2022	23,283	0
Change in Fair Value of Investments - 2021	11,975	0
Advances	(317,968)	318,999
Encumbrances	(177,949)	0
Budget Basis	<u>(\$345,334)</u>	<u>(\$484,184)</u>

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board 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 held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirement have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer’s investment pool (STAROhio); and
8. Certain bankers’ acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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

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

Investments

Investments are reported at fair value. As of June 30, 2022, the School District had the following investments:

<u>Measurement/Investment</u>	<u>Measurement Amount</u>	<u>Maturity</u>	<u>Standard & Poor's Rating</u>	<u>Percent of Total Investments</u>
Fair Value - Level 1 Inputs:				
Money Market Mutual Fund	\$9,075	Less than one year	N/A	N/A
Fair Value - Level 2 Inputs:				
Negotiable Certificates of Deposit	571,824	Less than five years	N/A	58.5%
United States Treasury Bonds	<u>396,776</u>	Less than one year	N/A	40.6%
Total Investments	<u>\$977,675</u>			

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District’s recurring fair value measurements as of June 30, 2022. The Money Market Mutual Fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). The School District’s remaining 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).

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Interest Rate Risk

As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. To date, no investments have been purchased with a life greater than five years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Standard and Poor's ratings for the School District's investments are listed in the table above. Ohio law requires that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The School District has no policy on credit risk beyond the requirements in State statutes.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District's investment policy does not address this risk beyond the requirements in State Statutes.

NOTE 7 - PROPERTY TAXES

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

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

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

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

Accrued property taxes receivable includes real property, public utility property which are measurable as of June 30, 2022, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows – property taxes.

The amount available as an advance at June 30, 2022, was \$50,832 in the General Fund, \$895 in the Classroom Facilities Maintenance Fund, and \$13,079 in the Bond Retirement Fund. The amount available as an advance at June 30, 2021, was \$64,962 in the General Fund, \$1,138 in the Classroom Facilities Maintenance Fund, and \$16,153 in the Bond Retirement Fund.

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

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

	2021 Second- Half Collections		2022 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$27,590,540	72.79%	\$28,839,610	73.30%
Public Utility Personal	10,314,660	27.21%	10,505,100	26.70%
Total Assessed Value	<u>\$37,905,200</u>	<u>100.00%</u>	<u>\$39,344,710</u>	<u>100.00%</u>

Tax rate per \$1,000 of assessed valuation	\$41.45	\$41.45
---	---------	---------

NOTE 8 – TAX ABATEMENTS

School District property taxes were reduced by \$45,394 for fiscal year 2022 under a Community Reinvestment Area agreement that was entered into by the Village of New Boston with Infra-Metals Co. The abatement will last for 10 years with a 75 percent abatement of property taxes.

NOTE 9 - RECEIVABLES

Receivables at June 30, 2022, consisted of property taxes, intergovernmental grants, accrued interest and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
<u>Governmental Activities:</u>	
Title I	\$62,120
II-A	6,506
IDEA-B	21,838
High Schools That Work Grant	4,440
Early Childhood Education Grant	15,956
Elementary and Secondary School Emergency Relief Grant	855,162
State Foundation Adjustment	13,498
Title IV-A Student Support	20,084
Total Intergovernmental Receivables	<u>\$999,604</u>

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 10 - CAPITAL ASSETS

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

	(Restated) Balance at 6/30/21	Additions	Deductions	Balance at 6/30/22
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$29,077	\$0	\$0	\$29,077
Construction in Progress	0	63,373	0	63,373
Total Capital Assets Not Being Depreciated	<u>29,077</u>	<u>63,373</u>	<u>0</u>	<u>92,450</u>
Capital Assets Being Depreciated:				
Land Improvements	642,617	58,711	0	701,328
Buildings and Improvements	18,304,994	7,500	0	18,312,494
Furniture, Fixtures and Equipment	1,728,823	115,729	0	1,844,552
Intangible Right to Use - Equipment**	768,000	0	0	768,000
Vehicles	378,528	0	0	378,528
Total Capital Assets Being Depreciated	<u>21,822,962</u>	<u>181,940</u>	<u>0</u>	<u>22,004,902</u>
Less Accumulated Depreciation:				
Land Improvements	(294,111)	(32,631)	0	(326,742)
Buildings and Improvements	(4,402,885)	(480,450)	0	(4,883,335)
Furniture, Fixtures and Equipment	(1,176,888)	(99,315)	0	(1,276,203)
Intangible Right to Use - Equipment**	0	(28,549)	0	(28,549)
Vehicles	(296,981)	(15,018)	0	(311,999)
Total Accumulated Depreciation	<u>(6,170,865)</u>	<u>(655,963) *</u>	<u>0</u>	<u>(6,826,828)</u>
Total Capital Assets Being Depreciated, Net	<u>15,652,097</u>	<u>(474,023)</u>	<u>0</u>	<u>15,178,074</u>
Governmental Activities				
Capital Assets, Net	<u>\$15,681,174</u>	<u>(\$410,650)</u>	<u>\$0</u>	<u>\$15,270,524</u>

* Depreciation expense was charged to governmental functions as follows:

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

Instruction:	
Regular	\$349,574
Special	8,064
Vocational	1,383
Support Services:	
Pupils	16,409
Instructional Staff	16,129
Administration	61,751
Fiscal	16,536
Operation and Maintenance of Plant	49,139
Pupil Transportation	41,912
Central	28,549
Operation of Non-Instructional Services:	
Food Service Operations	53,239
Extracurricular Activities	13,278
Total Depreciation Expense	<u>\$655,963</u>

** Of the current year depreciation total of \$655,963, \$28,549 as central expenses are presented on the Statement of Activities related to the School District's intangible asset of equipment, which are included as an Intangible Right to Use.

NOTE 11 - RISK MANAGEMENT

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 2022, the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA) (Note 17) for property and fleet insurance.

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

The School District participates in the Optimal Health Initiatives Consortium (the "Consortium"), a public entity shared risk pool (Note 17), consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf.

For fiscal year 2022, the School District participated in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP 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 GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP. Each year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org 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 years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

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

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

The School District’s contractually required contribution to SERS was \$139,036 for fiscal year 2022. Of this amount, \$14,308 is reported as an intergovernmental payable.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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 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. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be 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. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

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

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

The School District's contractually required contribution to STRS was \$382,269 for fiscal year 2022. Of this amount, \$120,717 is reported as an intergovernmental payable.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Current Measurement Date	0.02700000%	0.01866670%	
Proportion of the Net Pension Liability			
Prior Measurement Date	<u>0.02513220%</u>	<u>0.01836059%</u>	
Change in Proportionate Share	<u>0.00186780%</u>	<u>0.00030611%</u>	
Proportionate Share of the Net			
Pension Liability	\$996,222	\$2,386,705	\$3,382,927
Pension Expense	\$40,085	(\$58,012)	(\$17,927)

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$96	\$73,737	\$73,833
Changes of assumptions	20,977	662,115	683,092
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	73,271	82,037	155,308
School District contributions subsequent to the measurement date	<u>139,036</u>	<u>382,269</u>	<u>521,305</u>
Total Deferred Outflows of Resources	<u>\$233,380</u>	<u>\$1,200,158</u>	<u>\$1,433,538</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$25,836	\$14,960	\$40,796
Net difference between projected and actual earnings on pension plan investments	513,083	2,056,884	2,569,967
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>0</u>	<u>18,382</u>	<u>18,382</u>
Total Deferred Inflows of Resources	<u>\$538,919</u>	<u>\$2,090,226</u>	<u>\$2,629,145</u>

\$521,305 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2023	(\$79,325)	(\$319,478)	(\$398,803)
2024	(85,771)	(258,867)	(344,638)
2025	(121,992)	(298,959)	(420,951)
2026	<u>(157,487)</u>	<u>(395,033)</u>	<u>(552,520)</u>
Total	<u>(\$444,575)</u>	<u>(\$1,272,337)</u>	<u>(\$1,716,912)</u>

Actuarial Assumptions - SERS

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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

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

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

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

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

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

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

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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

Discount Rate The total pension liability for 2021 was calculated using the discount rate of 7.00 percent. The discount rate for 2020 was 7.5 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$1,657,468	\$996,222	\$438,564

Actuarial Assumptions - STRS

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

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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

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

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

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

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
School District's proportionate share of the net pension liability	\$4,469,407	\$2,386,705	\$626,828

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

NOTE 13 – DEFINED BENEFIT OPEB PLANS

See Note 12 for a description of the net OPEB liability.

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. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the School District's surcharge obligation was \$18,040.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$18,040 for fiscal year 2022, all of 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. 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. All benefit recipients 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, 2022, STRS did not allocate any employer contributions to post-employment health care.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability			
Current Measurement Date	0.02776030%	0.01866670%	
Proportion of the Net OPEB Liability			
Prior Measurement Date	<u>0.02611270%</u>	<u>0.01836059%</u>	
Change in Proportionate Share	<u>0.00164760%</u>	<u>0.00030611%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$525,385	\$0	\$525,385
Net OPEB (Asset)	\$0	(\$393,571)	(\$393,571)
OPEB Expense	\$8,225	(\$35,768)	(\$27,543)

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$5,600	\$14,014	\$19,614
Changes of assumptions	82,420	25,140	107,560
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	76,443	1,655	78,098
School District contributions subsequent to the measurement date	<u>18,040</u>	<u>0</u>	<u>18,040</u>
Total Deferred Outflows of Resources	<u>\$182,503</u>	<u>\$40,809</u>	<u>\$223,312</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$261,666	\$72,109	\$333,775
Changes of assumptions	71,947	234,795	306,742
Net difference between projected and actual earnings on OPEB plan investments	11,414	109,091	120,505
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>9,223</u>	<u>18,004</u>	<u>27,227</u>
Total Deferred Inflows of Resources	<u>\$354,250</u>	<u>\$433,999</u>	<u>\$788,249</u>

\$18,040 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 year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2023	(\$45,300)	(\$115,780)	(\$161,080)
2024	(45,380)	(113,052)	(158,432)
2025	(42,466)	(103,887)	(146,353)
2026	(35,968)	(45,375)	(81,343)
2027	(16,901)	(15,480)	(32,381)
Thereafter	<u>(3,772)</u>	<u>384</u>	<u>(3,388)</u>
Total	<u>(\$189,787)</u>	<u>(\$393,190)</u>	<u>(\$582,977)</u>

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.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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

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

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

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

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

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

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

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

	1% Decrease <u>(1.27%)</u>	Current Discount Rate <u>(2.27%)</u>	1% Increase <u>(3.27%)</u>
School District's proportionate share of the net OPEB liability	\$651,017	\$525,385	\$425,023

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

	1% Decrease (5.75 % decreasing to 3.40 %)	Current Trend Rate (6.75 % decreasing to 4.40 %)	1% Increase (7.75 % decreasing to 5.40 %)
School District's proportionate share of the net OPEB liability	\$404,504	\$525,385	\$686,848

Actuarial Assumptions – STRS

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

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

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

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

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

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

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>Discount Rate</u>	<u>(7.00%)</u>
		<u>(7.00%)</u>	<u>(8.00%)</u>
School District's proportionate share of the net OPEB asset	(\$332,114)	(\$393,571)	(\$444,911)

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
		<u>Trend Rate</u>	
School District's proportionate share of the net OPEB asset	(\$442,831)	(\$393,571)	(\$332,659)

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 14 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from Board approved employment contracts and State laws. Eligible classified employees and administrators earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Unlimited sick leave may be accumulated for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 53 days for all employees.

Special Termination Benefits

Any employee who retires may be given an additional severance payment. Employees who have accumulated more than 212 sick leave days receive an additional amount at the rate of .0008 percent of their current annual salary for each day accumulated in excess of 212 days. Benefits will be paid upon retirement. For fiscal year 2022, no employees were eligible for this benefit.

Insurance Benefits

The School District provides life insurance to its employees through Metropolitan Education Council (MEC). The School District also provides health care and dental coverage for its employees with Anthem through the Optimal Health Initiatives Consortium, and vision benefits through Vision Service Plan.

Deferred Compensation

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

NOTE 15 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2022 were as follows:

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

	Amount Outstanding 6/30/2021	Additions	Deductions	Amount Outstanding 6/30/2022	Amount Due Within One Year
Governmental Activities:					
2016 Refunding General					
Obligation Bonds - 2.0% to 4.0%					
Serial Bonds	\$590,000	\$0	\$145,000	\$445,000	\$140,000
Term Bonds	1,910,000	0	0	1,910,000	0
Capital Appreciation Bonds	25,000	0	0	25,000	0
Accretion on Capital Appreciation Bonds	103,922	42,839	0	146,761	0
Unamortized Premium	324,025	0	20,573	303,452	0
Total General Obligation Bonds	<u>2,952,947</u>	<u>42,839</u>	<u>165,573</u>	<u>2,830,213</u>	<u>140,000</u>
Net Pension Liability:					
SERS	1,662,297	0	666,075	996,222	0
STRS	4,442,609	0	2,055,904	2,386,705	0
Total Net Pension Liability	<u>6,104,906</u>	<u>0</u>	<u>2,721,979</u>	<u>3,382,927</u>	<u>0</u>
Net OPEB Liability:					
SERS	567,514	0	42,129	525,385	0
Compensated Absences	347,345	277,496	209,726	415,115	32,868
Total General Long-Term Obligations	<u>\$9,972,712</u>	<u>\$320,335</u>	<u>\$3,139,407</u>	<u>\$7,153,640</u>	<u>\$172,868</u>

On April 4, 2016, the School District issued \$2,935,000 in Series 2016 refunding bonds in order to refund the 2009 School Improvement General Obligation Bonds in order to take advantage of lower interest rates. These bonds are paid from the Debt Service Fund and will mature on November 1, 2036. The bond issue included serial, term, and capital appreciation bonds, in the amount of \$1,000,000, \$1,910,000, and \$25,000, respectively. At June 30, 2021, the refunded bonds were paid off.

The term bonds issued at \$1,910,000 and maturing on November 1, 2027, through November 1, 2036, are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption, on November 1, in the years and in the respective principal amounts as follows:

Fiscal Year	Amount
2028	\$165,000
2029	165,000
2030	175,000
2031	175,000
2032	185,000
2033	195,000
2034	200,000
2035	210,000
2036	215,000
2037	225,000
Total	<u>\$1,910,000</u>

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

The capital appreciation bonds, issued at \$25,000, are not subject to prior redemption. The fiscal year 2022 accretion amount was \$42,839. The remaining capital appreciation bonds will mature November 1, 2023, and November 1, 2024, as follows:

Fiscal Year	Maturity Amount
2024	\$145,000
2025	150,000
Total	<u>\$295,000</u>

Principal and interest requirements to retire the School District's outstanding debt at June 30, 2022, are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds					
	Serial Bonds		Term Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$140,000	\$87,400	\$0	\$0	\$0	\$0
2024	0	85,300	0	0	10,000	135,000
2025	0	85,300	0	0	15,000	135,000
2026	150,000	82,300	0	0	0	0
2027	155,000	76,200	0	0	0	0
2028-2032	0	0	865,000	294,200	0	0
2033-2037	0	0	1,045,000	107,500	0	0
Totals	<u>\$445,000</u>	<u>\$416,500</u>	<u>\$1,910,000</u>	<u>\$401,700</u>	<u>\$25,000</u>	<u>\$270,000</u>

There is no repayment schedule for the net pension and net OPEB liabilities. However, employer pension contributions are made from the following funds: General, Food Service, Early Childhood, Title VI-B, Title I, and Title IIA. For additional information related to the net pension and net OPEB liabilities see Notes 12 and 13. Compensated absences and special termination benefits will be paid from the General Fund.

The School District's overall legal debt margin was \$1,546,207 with an unvoted debt margin of \$39,345 at June 30, 2022.

NOTE 16 - INTERFUND ACTIVITY

Advances

As of June 30, 2022, receivables and payables that resulted from various interfund transactions were as follows:

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

		Receivable
		<u>General Fund</u>
Payable	Elementary and Secondary School Emergency Relief Fund	\$819,834
	Nonmajor Governmental Funds	\$231,606
		<u><u>\$1,051,440</u></u>

General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Advancing monies to other funds is necessary due to timing differences in the receiving of grant monies. When the monies are finally received, the grant fund will use these restricted monies to reimburse the General Fund for the initial advance.

Transfers

Transfers made during the fiscal year ended June 30, 2022, were as follows:

		Transfers From
		<u>General Fund</u>
Transfers To	Nonmajor	
	Governmental Funds	<u><u>\$858</u></u>

General Fund transfers were made to move unrestricted balances to support programs and projects accounted for in other funds.

NOTE 17 - JOINTLY GOVERNED ORGANIZATION, PUBLIC ENTITY SHARED RISK POOLS, AND INSURANCE PURCHASING POOL

Metropolitan Educational Technology Association (META)

The School District is a participant in the Metropolitan Educational Technology Association (META), which is a computer consortium. META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology, and student services, a purchasing cooperative, and other individual services based on each client’s needs.

The governing board of META consists of a president, vice president and six board members who represent the members of META. The Board works with META’s Chief Executive Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization’s mission, vision, and values. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting and designating management. Each School District’s degree of control is limited to its representation on the Board. The School District paid META \$46,570 for services provided during the fiscal year. Financial information can be obtained from the SCOCA Regional Council of Governments through META Solutions, Ashley Wigby, CFO, 100 Executive Drive, Marion Ohio 43302.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Optimal Health Initiatives Consortium

The School District is a member of the Optimal Health Initiatives Consortium (the “Consortium”), a public entity shared risk pool, consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. The overall objective of the Consortium is to enable its members to purchase employee benefits and related products and services using the Consortium’s economies of scale to create cost-savings. The Council’s business and affairs are managed by an Executive Board of Trustees, consisting of the chairperson of each division’s board of trustees and the chairperson of the Butler Health Plan. The participants pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. To obtain financial information, write to the fiscal agent, Charles Leboeuf CPA, MCM CPAs & Advisors, 3536 Edwards Road, Cincinnati, Ohio 45208.

Schools of Ohio Risk Sharing Authority

The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), a risk sharing insurance pool. The pool consists of 62 school districts, joint vocational schools, and educational service centers throughout Ohio who pool risk for property, crime, liability, boiler and machinery, and public official liability coverage. SORSA is governed by a board of trustees elected by members. The School District pays an annual premium to SORSA for this coverage. The self-insured retention by SORSA is \$31,583 for property and automobile physical damage. Reinsurance is purchased to cover claims exceeding this amount and for all claims related to equipment breakdown coverage.

Ohio SchoolComp Workers’ Compensation Group Rating Plan

The School District participates in the Ohio SchoolComp Workers’ Compensation Group Rating Plan (GRP), an insurance purchasing pool. The Ohio School Board Association (OSBA) and the Ohio Association of School Business Officials (OASBO) co-sponsor the Group Rating Plan. The Executive Directors of the OSBA and the OASBO, or their designees, serve as coordinators of the program.

NOTE 18 - 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 fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

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

	Capital Acquisitions
Set-aside Balance as of June 30, 2021	\$0
Current Fiscal Year Set-aside Requirement	70,409
Current Fiscal Year Offsets	(19,328)
Set-aside Balance as of June 30, 2022	<u>\$51,081</u>

The total reserve balance at the end of the fiscal year was \$51,081.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 19 – SIGNIFICANT COMMITMENTS

Encumbrances

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

General Fund	\$177,949
Nonmajor Governmental Funds	14,082
Total	<u>\$192,031</u>

NOTE 20 – FUND BALANCES

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

Fund Balances	General Fund	Elementary and Secondary School Emergency Relief Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total
<i>Nonspendable</i>					
Prepays	\$2,450	\$0	\$0	\$0	\$2,450
Inventory	0	0	0	433	433
Unclaimed Monies	1,760	0	0	0	1,760
<i>Total Nonspendable</i>	<u>4,210</u>	<u>0</u>	<u>0</u>	<u>433</u>	<u>4,643</u>
<i>Restricted for</i>					
Debt Payment	0	0	385,183	0	385,183
Food Service Operations	0	0	0	222,648	222,648
Classroom Facilities Maintenance	0	0	0	171,697	171,697
Athletic Programs	0	0	0	68,127	68,127
Student Managed Activities	0	0	0	27,015	27,015
Local, State and Federal Grants	0	0	0	197,632	197,632
Set Asides	51,081	0	0	0	51,081
<i>Total Restricted</i>	<u>51,081</u>	<u>0</u>	<u>385,183</u>	<u>687,119</u>	<u>1,123,383</u>
<i>Assigned to</i>					
Purchases on Order	88,788	0	0	0	88,788
<i>Unassigned (Deficit)</i>	<u>4,534,909</u>	<u>(370,978)</u>	<u>0</u>	<u>(97,917)</u>	<u>4,066,014</u>
<i>Total Fund Balances (Deficit)</i>	<u>\$4,678,988</u>	<u>(\$370,978)</u>	<u>\$385,183</u>	<u>\$589,635</u>	<u>\$5,282,828</u>

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 21 - CONTINGENCIES

Grants

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

School Foundation

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, additional ODE adjustments for fiscal year 2022 were provided. As a result, the School District had a receivable of \$13,498 has been recorded for the School District.

Litigation

The School District is not party to any legal proceedings.

NOTE 22- COVID 19

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

NEW BOSTON LOCAL SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Nine Fiscal Years (1)

	2022	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.02700000%	0.02513220%	0.02494380%	0.02336230%
School District's Proportionate Share of the Net Pension Liability	\$996,222	\$1,662,297	\$1,492,431	\$1,338,003
School District's Covered Payroll	\$931,971	\$881,079	\$809,793	\$776,504
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	106.89%	188.67%	184.30%	172.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%	71.36%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.02396550%	0.02497450%	0.02309210%	0.02187900%	0.02187900%
\$1,431,884	\$1,827,903	\$1,317,658	\$1,107,284	\$1,301,074
\$694,093	\$849,614	\$722,036	\$635,763	\$605,809
206.30%	215.15%	182.49%	174.17%	214.77%
69.50%	62.98%	69.16%	71.70%	65.52%

NEW BOSTON LOCAL SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Six Fiscal Years (1)

	2022	2021	2020	2019
School District's Proportion of the Net OPEB Liability	0.02776030%	0.02611270%	0.02553090%	0.02367510%
School District's Proportionate Share of the Net OPEB Liability	\$525,385	\$567,514	\$642,049	\$656,810
School District's Covered Payroll	\$931,971	\$881,079	\$809,793	\$776,504
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	56.37%	64.41%	79.29%	84.59%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%	13.57%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

<u>2018</u>	<u>2017</u>
0.02426170%	0.02531190%
\$651,121	\$721,483
\$694,093	\$849,614
93.81%	84.92%
12.46%	11.49%

NEW BOSTON LOCAL SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Nine Fiscal Years (1)

	2022	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.0186667%	0.018360590%	0.018404810%	0.018013930%
School District's Proportionate Share of the Net Pension Liability	\$2,386,705	\$4,442,609	\$4,070,113	\$3,960,858
School District's Covered Payroll	\$2,380,536	\$2,223,821	\$2,263,636	\$2,063,314
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	100.26%	199.77%	179.80%	191.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%	77.30%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.018182300%	0.019160750%	0.020207150%	0.021585470%	0.021585470%
\$4,319,245	\$6,413,681	\$5,584,666	\$5,250,334	\$6,254,163
\$1,877,150	\$2,142,386	\$2,108,093	\$2,124,500	\$2,148,269
230.10%	299.37%	264.92%	247.13%	291.13%
75.30%	66.80%	72.10%	74.70%	69.30%

NEW BOSTON LOCAL SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
 State Teachers Retirement System of Ohio
 Last Six Fiscal Years (1)

	2022	2021	2020	2019
School District's Proportion of the Net OPEB Liability (Asset)	0.018666700%	0.018360590%	0.018404810%	0.018013930%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$393,571)	(\$322,686)	(\$304,829)	(\$289,465)
School District's Covered Payroll	\$2,380,536	\$2,223,821	\$2,263,636	\$2,063,314
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered - Payroll	-16.53%	-14.51%	-13.47%	-14.03%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	182.10%	174.70%	176.00%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

<u>2018</u>	<u>2017</u>
0.018182300%	0.019160750%
\$709,406	\$1,024,722
\$1,877,150	\$2,142,386
37.79%	47.83%
47.10%	37.30%

NEW BOSTON LOCAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2022	2021	2020	2019
Net Pension Liability				
Contractually Required Contribution	\$139,036	\$130,476	\$123,351	\$109,322
Contributions in Relation to the Contractually Required Contribution	<u>(139,036)</u>	<u>(130,476)</u>	<u>(123,351)</u>	<u>(109,322)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$993,114	\$931,971	\$881,079	\$809,793
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.50%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	18,040	17,463	16,932	19,484
Contributions in Relation to the Contractually Required Contribution	<u>(18,040)</u>	<u>(17,463)</u>	<u>(16,932)</u>	<u>(19,484)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.82%</u>	<u>1.87%</u>	<u>1.92%</u>	<u>2.41%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.82%</u>	<u>15.87%</u>	<u>15.92%</u>	<u>15.91%</u>

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014	2013
\$104,828	\$97,173	\$118,946	\$95,164	\$88,117	\$83,844
(104,828)	(97,173)	(118,946)	(95,164)	(88,117)	(83,844)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$776,504	\$694,093	\$849,614	\$722,036	\$635,763	\$605,809
<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>	<u>13.86%</u>	<u>13.84%</u>
16,558	12,956	12,821	18,062	11,473	10,581
(16,558)	(12,956)	(12,821)	(18,062)	(11,473)	(10,581)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>2.13%</u>	<u>1.87%</u>	<u>1.51%</u>	<u>2.50%</u>	<u>1.80%</u>	<u>1.75%</u>
<u>15.63%</u>	<u>15.87%</u>	<u>15.51%</u>	<u>15.68%</u>	<u>15.66%</u>	<u>15.59%</u>

NEW BOSTON LOCAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2022	2021	2020	2019
Net Pension Liability				
Contractually Required Contribution	\$382,269	\$333,275	\$311,335	\$316,909
Contributions in Relation to the Contractually Required Contribution	<u>(382,269)</u>	<u>(333,275)</u>	<u>(311,335)</u>	<u>(316,909)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$2,730,493	\$2,380,536	\$2,223,821	\$2,263,636
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

See accompanying notes to the required supplementary information

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$288,864	\$262,801	\$299,934	\$295,133	\$276,185	\$279,275
<u>(288,864)</u>	<u>(262,801)</u>	<u>(299,934)</u>	<u>(295,133)</u>	<u>(276,185)</u>	<u>(279,275)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,063,314	\$1,877,150	\$2,142,386	\$2,108,093	\$2,124,500	\$2,148,269
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$0	\$0	\$0	\$0	\$21,245	\$21,483
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(21,245)</u>	<u>(21,483)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

This page intentionally left blank.

NEW BOSTON LOCAL SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

Net Pension Liability

Changes in Assumptions – SERS

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

In fiscal year 2022, the discount rate was changed from 7.5% to 7.0%.

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

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

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

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

Changes in Assumptions - STRS

In fiscal year 2022, the discount rate was changed from 7.45% to 7.0%.

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

NEW BOSTON LOCAL SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

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

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

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

Net OPEB Liability

Changes in Assumptions – SERS

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

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation
Medical Trend Assumption		
Medicare	5.125 to 4.40 percent	5.25 to 4.75 percent
Pre-Medicare	6.75 to 4.40 percent	7.00 to 4.75 percent

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

NEW BOSTON LOCAL SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

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

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

In fiscal year 2022, the discount rate was changed from 2.63% to 2.27%.

In fiscal year 2021, the discount rate was changed from 3.22% to 2.63%.

In fiscal year 2020, the discount rate was changed from 3.70% to 3.22%.

In fiscal year 2019, the discount rate was changed from 3.63% to 3.70%. The health care trend rates were also updated.

In fiscal year 2018, the discount rate was change from 2.98% to 3.63%.

In fiscal year 2017, the following assumptions were changed:

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - o 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 the following:
 - o RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.

NEW BOSTON LOCAL SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

- Mortality among disabled members was updated to the following:
 - o RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

Changes in Assumptions – STRS

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

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

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

For fiscal year 2022, the following changes in assumptions occurred:

	2022	2021
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Health Care Cost Trends		
Medical		
Medicare	-16.18 percent initial, 4 percent ultimate	-6.69 percent initial, 4 percent ultimate
Prescription Drug		
Medicare	29.98 initial, 4 percent ultimate	11.87 initial, 4 percent ultimate

Changes in Benefit Terms – STRS OPEB

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 2020.

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

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

NEW BOSTON LOCAL SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

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

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

This page left intentionally blank.

NEW BOSTON LOCAL SCHOOL DISTRICT
SCIOTO COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Pass Through Grant Year	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	2021-2022	\$ -	\$ 13,880
Cash Assistance:				
National School Lunch Program	10.555	2021-2022		226,073
COVID-19 National School Lunch Program		2021-2022		39,233
				279,186
School Breakfast Program	10.553	2021-2022		103,315
Total Child Nutrition Cluster				382,501
COVID-19 Pandemic EBT Administrative Costs	10.649	2021-2022		537
Total U.S. Department of Agriculture				383,038
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	2021 2022		46,428
				250,834
Total Title I Grants to Local Educational Agencies				297,262
Special Education Cluster:				
Special Education Grants to States				
	84.027	2021		43,714
		2022		61,417
COVID-19 Special Education Grants to States	84.027X	2022		21,854
Total Special Education Grants to States				126,985
COVID-19 Special Education – Preschool Grants (IDEA Preschool)	84.173X	2022		1,619
Total Special Education Cluster				128,604
Supporting Effective Instruction State Grants	84.367	2021		37
		2022		25,757
Total Supporting Effective Instruction State Grants				25,794
Student Support and Academic Enrichment Program	84.424	2021		-
		2022		20,085
Total Student Support and Academic Enrichment Program				20,085
COVID-19 Education Stabilization Fund				
	84.425D	2021		15,236
	84.425D	2022		521,018
	84.425U	2022		258,939
Total COVID-19 Education Stabilization Fund				795,193
<i>Direct from Federal Government:</i>				
Rural Education	84.358	S358A213140		10,719
Total U.S. Department of Education				1,277,657
Total Expenditures of Federal Awards			\$ 0	\$ 1,660,695

The accompanying notes are an integral part of this schedule.

**NEW BOSTON SCHOOL DISTRICT
SCIOTO 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 New Boston Local School District (the School 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 School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School 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 School 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 School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School District assumes it expends federal monies first.

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



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

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

New Boston Local School District
Scioto County
#1 Glenwood Tiger Trail
New Boston, Ohio 45662

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the New Boston Local School District, Scioto County, Ohio (the School District), which collectively comprise the School District's basic financial statements, as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated March 16, 2023, wherein we noted the School District recognized an intangible asset which had not been recognized in previous years resulting in the restatement to net position at July 1, 2021. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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



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

OHIO AUDITOR OF STATE KEITH FABER



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

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

New Boston Local School District
Scioto County
#1 Glenwood Tiger Trail
New Boston, Ohio 45662

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

Qualified Opinion on Education Stabilization Fund Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, New Boston Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Education Stabilization Fund Program for the year ended June 30, 2022.

Basis for Qualified Opinion

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

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

Matters Giving Rise to Qualified Opinion on Education Stabilization Fund Program

As described in findings 2022-001 through 2022-003 in the accompanying schedule of findings, the School District did not comply with requirements regarding the following:

Finding #	Assistance Listing #	Program Name	Compliance Requirement
2022-001	84.425	Education Stabilization Fund	Equipment Management
2022-002	84.425	Education Stabilization Fund	Prevailing Wage
2022-003	84.425	Education Stabilization Fund	Reporting

Compliance with such requirements is necessary, in our opinion, for the School District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in *the Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2022-001, 2022-003, and 2022-003, to be material weaknesses.

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

Government Auditing Standards requires the auditor to perform limited procedures on the School District's responses to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and corrective action plan. The School District's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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



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

This page intentionally left blank.

**NEW BOSTON LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

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

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?	Yes
(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	Qualified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list):	COVID 19 Education Stabilization Fund - Federal AL # 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

Material Weakness/Noncompliance

Finding Number: 2022-001

Assistance Listing Number and Title: AL #84.425D COVID-19 – Education Stabilization Fund

Federal Award Identification Number / Year: 2022

Federal Agency: US Department of Education

Compliance Requirement: Equipment

Pass-Through Entity: Ohio Department of Education

Repeat Finding from Prior Audit? No

2 CFR § 3474.1 gives regulatory effect to the Department of Education for **2 CFR § 200.313(c) through (d)** which require that:

- (c) Equipment must be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award or, when appropriate, under other Federal awards; however, the non-Federal entity must not encumber the equipment without prior approval of the Federal awarding agency.
- (d) Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:
 1. Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the Federal award identification number), who holds title, the acquisition date, cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property.
 2. A physical inventory of the property must be taken and the results reconciled with the property records at least once every 2 years.
 3. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
 4. Adequate maintenance procedures must be developed to keep the property in good condition.
 5. If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

Consistent with 2 CFR section 200.311 (real property), section 200.313 (equipment), and section 200.439 (equipment and other capital expenditures), ESF funds may be used for these purposes. Recipients and subrecipients may use ESF funds to purchase equipment. Capital expenditures for general and special purpose equipment purchases are subject to prior approval by ED or the pass-through entity. In addition, with prior approval by the ED or the pass-through entity, recipients and subrecipients may use ESF funds to purchase real property and perform construction for improvements to land, buildings, or equipment that meet the overall purpose of the ESF program, which is “to prevent, prepare for, and respond to” the COVID-19 pandemic.

In addition to the guidance noted above, the Uniform Guidance at **2 CFR § 200.407** requires prior written approval from either the Department or the State (Governor or SEA, as applicable) for certain costs, such as the purchase of real property; equipment and other capital expenditures; entertainment costs; and travel costs.

The School District failed to properly track assets purchased or improvements completed with ESF (specifically Elementary and Secondary School Emergency Relief or ESSER) funds in their Equipment Inventory System. This resulted in unrecorded assets of approximately \$209,788 purchased with ESSER Funds not recorded in the inventory system. This would not allow for proper tracking as required above. This was the result of the School District Treasurer not adding all assets to the system.

The School District also did not receive proper approval before the purchase of Phenomenal Aire Units.

**FINDING NUMBER 2022-001
(Continued)**

We recommend the School District Treasurer review the Equipment Inventory System and adjust it to include all assets purchased with ESSER Funds. We further recommend the School District ensure it receives all proper approvals as required for any capital asset expenditures purchased with ESSER funds.

Officials' Response:

Moving forward the School District Treasurer will make sure and double check all inventory purchased with ESSER Funds are in the inventory system if it is over the capital asset threshold. Also, she will make sure all capital asset expenditures purchased with ESSER funds have proper approval.

Material Weakness/Noncompliance

Finding Number: 2022-002

Assistance Listing Number and Title: AL #84.425D COVID-19 – Education Stabilization Fund

Federal Award Identification Number / Year: 2022

Federal Agency: US Department of Education

Compliance Requirement: Prevailing Wage

Pass-Through Entity: Ohio Department of Education

Repeat Finding from Prior Audit? No

2 CFR § 3474.1 provides the Department of Education (DOE) adopts the Office of Management and Budget (OMB) Guidance in 2 CFR part 200. Thus, this section gives regulatory effect to the OMB guidance and supplements the guidance as needed for the DOE, except as otherwise noted in that section. 2 CFR part 200, Appendix II(D), states that all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following. . .the “Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144 and 3146-3148) as supplemented by Department of Labor regulations (29 CFR § 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.”

In 2022, the School District incurred expenses with a contractor for work done on the new playground area in the total amount of \$64,044 paid out of the Elementary and Secondary School Emergency Relief Fund. The School District also had expenses with a company to install air units in the total amount of \$113,432 paid out of the Elementary and Secondary School Emergency Relief Fund. Both of these payments included costs for both labor and materials and would have been subject to prevailing wage laws. However, as a result of a lack of proper internal controls, the required clauses concerning prevailing wage rates were not included in the contract for these services. Also, the requirement that the contractor shall submit weekly, for each week in which any contract work is performed, a copy of all payrolls to the School District were not included in the contract.

Without proper controls over prevailing wage rate requirements, there is an increased risk that the School District and its contractors and subcontractors are not in compliance with applicable federal regulations. Additionally, noncompliance could result in federal funding being reduced or taken away, or other sanctions imposed by the federal grantor agency.

**FINDING NUMBER 2022-002
(Continued)**

The School District should ensure contracts for construction in excess of \$2,000 paid with federal grant monies include a provision that contractors comply with the prevailing wage rate provisions and ensure certified payroll reports are provided by the contractor weekly. The School District should also maintain the certified payroll reports to document compliance with the program requirements. In addition, the School District should report all suspected violations to the Federal awarding agency.

Officials' Response:

Going forward any construction contracts that exceed \$2,000, the School District Treasurer and Superintendent will ensure that the contractor will meet all the Wage Rate Requirements and certified payroll reports are submitted weekly by the contractor. Also, the School District Treasurer and Superintendent will ensure procurement procedures cover the requirements of the Davis Bacon Act.

Material Weakness/Noncompliance

Finding Number: 2022-003

Assistance Listing Number and Title: AL #84.425D COVID-19 – Education Stabilization Fund

Federal Award Identification Number / Year: 2022

Federal Agency: US Department of Education

Compliance Requirement: Reporting

Pass-Through Entity: Ohio Department of Education

Repeat Finding from Prior Audit? No

2 CFR § 3474.1 gives regulatory effect to the Department of Education for **2 CFR § 200.328** which provides the Federal awarding agency may solicit only the standard, OMB-approved governmentwide data elements for collection of financial information. This information must be collected with the frequency required by the terms and conditions of the Federal award, but no less frequently than annually nor more frequently than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes, and preferably in coordination with performance reporting.

The Ohio Department of Education Grants Manual requires, at the end of the grant period, that entities submit a final expenditure report (FER). A Final Expenditure Report must be submitted to show how grant funds were expended during the grant period.

The amounts by object code submitted by the School District in the Final Expenditure Report for the Elementary and Secondary School Emergency Relief Grant (grant year 2022) varied from the underlying system data due to the Treasurer incorrectly posting Purchased Services of \$66,291 as Supplies and incorrectly posting Supplies of \$116,117 as Purchased Services. Total expenditures agreed to the underlying School District records. This error in posting was due to oversight by the Treasurer.

The Treasurer should review the annual Final Expenditure Reports and verify the correct information is provided to the grantor.

Officials' Response:

School District Treasurer will carefully review all Final Expenditure Reports to ensure that she has correctly put the correct cost in the appropriate column going forward.

New Boston Local Schools

#1 Glenwood Tiger Trail
New Boston, Ohio 45662

GLENWOOD HIGH • OAK INTERMEDIATE • STANTON PRIMARY

Phone: (740) 456-5252
Fax: (740) 456-6402

Samantha Hamilton, Treasurer
e-mail: samantha.hamilton@nbtigers.net

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

Finding Number:	2022-001
Planned Corrective Action:	The School District will review all purchases made with federal funds to ensure they are properly capitalized and input into the EIS system for tracking purposes.
Anticipated Completion Date:	April 30, 2023
Responsible Contact Person:	Samantha Hamilton, Treasurer
Finding Number:	2022-002
Planned Corrective Action:	The School District in the future will monitor contracts paid with federal funds to ensure if they require prevailing wage language in contracts that it is included and properly monitored.
Anticipated Completion Date:	April 30, 2023
Responsible Contact Person:	Samantha Hamilton, Treasurer
Finding Number:	2022-003
Planned Corrective Action:	The School District Treasurer will review all Final Expenditure Report data submitted to the Ohio Department of Education to ensure that is accurate.
Anticipated Completion Date:	April 30, 2023
Responsible Contact Person:	Samantha Hamilton, Treasurer

OHIO AUDITOR OF STATE KEITH FABER



NEW BOSTON LOCAL SCHOOL DISTRICT

SCIOTO COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 3/30/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov