



OHIO AUDITOR OF STATE  
**KEITH FABER**





**DOVER CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY  
JUNE 30, 2020**

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TUSCARAWAS COUNTY  
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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Dover City School District  
Tuscarawas County  
228 West Sixth Street  
Dover, Ohio 44622

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Dover City School District, Tuscarawas County, Ohio (the School District), as of and for the year ended June 30, 2020, 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.

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

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

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

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

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

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

### ***Opinion***

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

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

As discussed in Note 3 to the financial statements, the School District had a correction to the beginning capital assets balance due to a reappraisal which caused a restatement to net position at July 1, 2019. As discussed in Note 24 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding these matters.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* and Schedules of Net Pension and Other Post-Employment Benefit Liabilities/Assets and Pension and Other Post-Employment Benefit Contributions listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary and Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2021, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 18, 2021

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**Dover City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*Unaudited*

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

**Financial Highlights**

Key financial highlights for the 2020 fiscal year are as follows:

- Net position decreased only slightly from the prior fiscal year due to a large increase in program expenses as a result of increases in pension and OPEB expenses.
- Capital assets increased significantly during fiscal year 2020, as the School District continued construction on their Ohio Facilities Construction Commission (OFCC) project to build a new high school.
- The decrease in equity in pooled cash and cash equivalents was the result of the School District spending bond proceeds to pay for construction costs, and the decrease in intergovernmental receivables was due to the School District's drawing down funds from the OFCC grant. Both of these decreases are related to the ongoing new high school construction project.

**Using this Financial Report**

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

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

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-67 of this report.

**Reporting the School District as a Whole**

*Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2020?" The statement of net position and the statement of

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activities answer this question. These statements include *all non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, all of the School District's activities are classified as governmental. The School District's programs and services reported here include instruction, support services, operation of non-instructional services, which include food service operations and community services, extracurricular activities and interest and fiscal charges.

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

#### *Fund Financial Statements*

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

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

**Proprietary Fund** The School District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for health insurance benefits provided to employees. This fund uses the accrual basis of accounting.

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

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*Management's Discussion and Analysis*  
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**The School District as a Whole**

You may recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal year 2020 compared to 2019:

**Table 1**  
*Net Position*

	Governmental Activities		
	2020	Restated 2019	Change
<b>Assets</b>			
Current and Other Assets	\$32,195,530	\$53,882,478	(\$21,686,948)
Net OPEB Asset	1,854,549	1,830,709	23,840
Capital Assets, Net	52,764,589	33,715,802	19,048,787
<i>Total Assets</i>	<u>86,814,668</u>	<u>89,428,989</u>	<u>(2,614,321)</u>
<b>Deferred Outflows of Resources</b>			
Pension	5,723,145	8,201,390	(2,478,245)
OPEB	544,401	431,582	112,819
<i>Total Deferred Outflows of Resources</i>	<u>6,267,546</u>	<u>8,632,972</u>	<u>(2,365,426)</u>
<b>Liabilities</b>			
Current Liabilities	5,996,381	10,066,262	(4,069,881)
Long-Term Liabilities:			
Due Within One Year	710,426	736,141	(25,715)
Due in More Than One Year:			
Net Pension Liability	29,446,630	29,849,528	(402,898)
Net OPEB Liability	2,016,786	2,348,220	(331,434)
Other Amounts	25,642,485	26,175,794	(533,309)
<i>Total Liabilities</i>	<u>63,812,708</u>	<u>69,175,945</u>	<u>(5,363,237)</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	12,497,908	11,999,494	498,414
Pension	2,061,694	1,948,029	113,665
OPEB	2,973,080	3,107,865	(134,785)
<i>Total Deferred Inflows of Resources</i>	<u>17,532,682</u>	<u>17,055,388</u>	<u>477,294</u>
<b>Net Position</b>			
Net Investment in Capital Assets	28,657,262	16,179,377	12,477,885
Restricted	5,701,503	17,201,339	(11,499,836)
Unrestricted (Deficit)	(22,621,941)	(21,550,088)	(1,071,853)
<i>Total Net Position</i>	<u>\$11,736,824</u>	<u>\$11,830,628</u>	<u>(\$93,804)</u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2020. 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.

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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 health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

By comparing assets, deferred outflows of resources, liabilities, and deferred inflows of resources, one can see the overall position of the School District has deteriorated as evidenced by the small decrease in net position. The decrease in net position was due to a large increase in program expenses as a result of increases in pension and OPEB expenses.

Despite an increase in property taxes receivable, current and other assets decreased significantly during the fiscal year due primarily to decreases in equity in pooled cash and cash equivalents and intergovernmental receivables. The decrease in equity in pooled cash and cash equivalents was the result of the School District spending bond proceeds to pay for construction costs. The decrease in intergovernmental receivables is due to the School District's drawing down funds from the Ohio Facilities Construction Commission grant. Both of these decreases are related to the ongoing new high school construction project.

The large increase in capital assets was due primarily to the ongoing construction project for the new high school. Net investment in capital assets was \$28,657,262 at June 30, 2020. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Deferred outflows of resources decreased due to the decrease in deferred outflows related to pension, primarily the decrease in deferred outflows related to the STRS pension plan.

Liabilities decreased from the prior fiscal year primarily due to a significant decrease in contracts payable. The decrease in contracts payable was related to a smaller timing lag from when construction costs, related to the new high school project, were completed and then paid. Construction cost billings around the end of fiscal year 2020 were also smaller nearing the end of the project.

Total deferred inflows of resources increased from the prior fiscal year, with an increase in deferred inflows related to property taxes being attributable to the increase in the County Auditor's estimated property taxes, which was related to the increase in property taxes receivable. An increase in the County Auditor's estimate for fiscal year 2021 property taxes related to the large increase in assessed values with the triennial update for collection year 2020.

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Table 2 shows the changes in net position for fiscal year 2020 compared to fiscal year 2019.

**Table 2**  
Change in Net Position  
Governmental Activities

	2020	2019	Change
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for Services	\$1,725,221	\$995,113	\$730,108
Operating Grants and Contributions	3,555,488	3,361,118	194,370
Capital Grants, Contributions and Interest	713,444	246,582	466,862
<b>Total Program Revenues</b>	<b>5,994,153</b>	<b>4,602,813</b>	<b>1,391,340</b>
<b>General Revenues</b>			
Property Taxes	15,176,482	14,363,557	812,925
Grants and Entitlements	9,496,963	10,490,158	(993,195)
Unrestricted Contributions	99,603	0	99,603
Investment Earnings	568,920	609,357	(40,437)
Miscellaneous	156,215	175,110	(18,895)
<b>Total General Revenues</b>	<b>25,498,183</b>	<b>25,638,182</b>	<b>(139,999)</b>
<b>Total Revenues</b>	<b>31,492,336</b>	<b>30,240,995</b>	<b>1,251,341</b>
<b>Program Expenses</b>			
Instruction:			
Regular	15,990,400	12,328,100	3,662,300
Special	3,691,685	2,924,673	767,012
Vocational	15,958	16,509	(551)
Student Intervention Services	381,702	311,735	69,967
Support Services:			
Pupils	958,056	717,232	240,824
Instructional Staff	669,655	544,079	125,576
Board of Education	115,351	67,108	48,243
Administration	2,360,076	1,974,787	385,289
Fiscal	750,800	659,556	91,244
Operation and Maintenance of Plant	2,488,502	2,097,621	390,881
Pupil Transportation	942,786	1,016,956	(74,170)
Operation of Non-Instructional Services:			
Food Service Operations	921,530	879,356	42,174
Community Services	208,066	212,514	(4,448)
Extracurricular Activities	1,202,498	1,089,085	113,413
Interest and Fiscal Charges	889,075	907,162	(18,087)
<b>Total Program Expenses</b>	<b>31,586,140</b>	<b>25,746,473</b>	<b>5,839,667</b>
Change in Net Position	(93,804)	4,494,522	(4,588,326)
Net Position Beginning of Year -			
Restated (See Note 3)	11,830,628	7,336,106	4,494,522
Net Position End of Year	<b>\$11,736,824</b>	<b>\$11,830,628</b>	<b>(\$93,804)</b>

Several revenue sources fund governmental activities, with property taxes being the largest contributor. Property tax revenues increased from the prior fiscal year due to an increase in cash basis collections that resulted from increases in assessed values as previously discussed.

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Grants and entitlements, with the majority coming from the School Foundation program, is the other significant revenue contributor. The decrease in grants and entitlements for fiscal year 2020 was primarily due to a reduction in State Foundation funding due to the COVID-19 pandemic, as well as the continued phase-out of the tangible personal property tax replacement payments received from the State.

Overall, program expenses increased significantly. The largest component of the increase in program expenses resulted from increases in pension and OPEB expenses, the most significant increase being related to STRS OPEB expense. The School District's OPEB expense related to STRS increased from a negative expense of (\$3,966,250) in fiscal year 2019 to a negative expense of (\$567,512) for fiscal year 2020.

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

**Table 3**  
 Total and Net Cost of Program Services  
 Governmental Activities

	Total Cost of Services 2020	Net Cost of Services 2020	Total Cost of Services 2019	Net Cost of Services 2019
<b>Program Expenses</b>				
Instruction:				
Regular	\$15,990,400	\$14,190,135	\$12,328,100	\$11,578,910
Special	3,691,685	1,985,122	2,924,673	1,292,937
Vocational	15,958	(39,030)	16,509	(56,522)
Student Intervention Services	381,702	207,174	311,735	276,413
Support Services:				
Pupils	958,056	798,358	717,232	441,500
Instructional Staff	669,655	656,329	544,079	520,264
Board of Education	115,351	115,351	67,108	67,108
Administration	2,360,076	2,340,005	1,974,787	1,946,579
Fiscal	750,800	750,800	659,556	659,556
Operation and Maintenance of Plant	2,488,502	1,767,905	2,097,621	1,945,858
Pupil Transportation	942,786	934,493	1,016,956	1,003,950
Operation of Non-Instructional Services				
Food Service Operations	921,530	97,061	879,356	33,955
Community Services	208,066	43,516	212,514	14,839
Extracurricular Activities	1,202,498	855,693	1,089,085	511,151
Interest and Fiscal Charges	889,075	889,075	907,162	907,162
<i>Total</i>	<u>\$31,586,140</u>	<u>\$25,591,987</u>	<u>\$25,746,473</u>	<u>\$21,143,660</u>

The dependence upon general revenues for governmental activities is apparent; the majority of expenses are supported through property taxes, grants and entitlements, and other general revenues. The community, as a whole, is the primary support for the School District students.

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**The School District's Funds**

Information about the School District's major fund starts on page 17. These funds are accounted for using the modified accrual basis of accounting. Total governmental funds had a decrease in fund balance for fiscal year 2020 primarily because the School District continued to spend down bond proceeds and grants received for the OFCC construction project.

Despite a significant increase in revenues that was partly offset by a smaller increase in expenditures, the general fund had a decrease in fund balance for fiscal year 2020 as expenditures continued to outpace revenues. The increase in revenues was primarily due to an increase in property and other local taxes revenues resulting from the increase in assessed values.

The building fund's net change in fund balance for fiscal year 2020 was a decrease resulting from expenditures for the OFCC construction project.

The classroom facilities fund also had a decrease in fund balance for fiscal year 2020 due to the timing of OFCC drawdowns versus OFCC construction project payments and spending down bond proceeds.

***Budgeting Highlights***

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

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

During the year, there was an amendment to increase original budgeted revenues for property taxes as better estimates were provided by the County auditor. There was no need for any significant amendments to the original budgeted appropriations, although, they did decrease slightly. Actual revenues and expenditures were higher than final budgeted revenues and expenditures primarily due to conservative budget estimates.

**Capital Assets and Debt Administration**

***Capital Assets***

The increase in capital assets was primarily attributable to construction of a new high school, as previously discussed. Some other capital asset additions included the completion of the new track and field project and the purchase of a bus. The School District's capitalization threshold for capital assets was set at \$5,000. For additional information on capital assets, see Note 10 to the basic financial statements.

***Debt***

During fiscal year 2020, outstanding debt decreased as the School District continued to make required payments.

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The Classroom Facilities and School Improvement Bonds, Series 2017-1, were issued in March 2017 for new construction and building improvements throughout the School District. The bonds will be fully repaid in fiscal year 2047.

The Classroom Facilities and School Improvement Bonds, Series 2017-2, were issued in March 2017 for new construction and building improvements throughout the School District. The bonds will be fully repaid in fiscal year 2038.

During fiscal year 2016, the School District entered into a lease purchase agreement for a telephone system. The lease purchase will be fully repaid in fiscal year 2021.

During fiscal year 2017, the School District entered into a capital lease agreement for copiers. The capital lease will be fully repaid in fiscal year 2022.

At June 30, 2020, the School District's overall legal debt margin was \$15,764,782, with an unvoted debt margin of \$426,785. The School District maintains a bond rating of A1. For more information on debt, refer to Notes 16 and 17 of the basic financial statements.

In addition to the long-term debt, the School District's long-term obligations include compensated absences, net pension liability, and net OPEB liability. Additional information for these items can be found in Notes 13, 14 and 17 to the basic financial statements.

### **Current Issues**

The Dover City School District continues to receive strong support from the residents of the School District. As the preceding information shows, the School District relies heavily on its local property taxpayers. An emergency operating levy was passed in March 2008 and began collecting in 2009. This levy and a previous one were renewed in 2012 for an additional ten years. The School District had an emergency operating levy on the ballot in May 2019 for an additional 6.9 mills in operating funds, which did not pass.

Real estate and personal property tax collections have shown small increases. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become 0.5 mills and the owner would still pay \$35.00.

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 48 percent of revenues for governmental activities for the Dover City School District in fiscal year 2020.

The School District has also been affected by increased delinquency rates, changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. Management has diligently planned expenses so that the last levy has stretched for longer than it was planned. This has been made increasingly difficult with mandates in gifted education, rising utility costs, increased special education services required for our students, and significant increases in health insurance and property/liability/fleet insurance.



**Dover City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*Unaudited*

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From a State funding perspective, the State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional education system, one that was neither "adequate" nor "equitable". Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth (which is unlike our School District). It is still undetermined whether the State has met the standards of the Ohio Supreme Court.

All scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In addition, the School District's systems of budgeting and internal controls are well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

**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 questions about this report or need additional financial information, contact Kathryn Brugger, Treasurer, at Dover City School District, 228 West Sixth Street, Dover, Ohio 44622 or email at [bruggerk@dovertornadoes.com](mailto:bruggerk@dovertornadoes.com).

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## **Basic Financial Statements**

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**Dover City School District**  
*Statement of Net Position*  
*June 30, 2020*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$11,567,876
Cash and Cash Equivalents with Fiscal Agent	4,529,796
Accounts Receivable	21,842
Intergovernmental Receivable	1,006,346
Property Taxes Receivable	15,019,956
Accrued Interest Receivable	28,559
Prepaid Items	21,155
Net OPEB Asset (See Note 14)	1,854,549
Nondepreciable Capital Assets	46,161,909
Depreciable Capital Assets, Net	6,602,680
<i>Total Assets</i>	86,814,668
<b>Deferred Outflows of Resources</b>	
Pension	5,723,145
OPEB	544,401
<i>Total Deferred Outflows of Resources</i>	6,267,546
<b>Liabilities</b>	
Accounts Payable	131,123
Accrued Wages and Benefits	2,790,800
Contracts Payable	928,008
Intergovernmental Payable	579,453
Judgment Payable	50,000
Retainage Payable	614,327
Matured Compensated Absences Payable	29,863
Accrued Interest Payable	153,579
Claims Payable	318,143
Unearned Revenue	401,085
Long-Term Liabilities:	
Due Within One Year	710,426
Due in More Than One Year:	
Net Pension Liability (See Note 13)	29,446,630
Net OPEB Liability (See Note 14)	2,016,786
Other Amounts Due in More Than One Year	25,642,485
<i>Total Liabilities</i>	63,812,708
<b>Deferred Inflows of Resources</b>	
Property Taxes	12,497,908
Pension	2,061,694
OPEB	2,973,080
<i>Total Deferred Inflows of Resources</i>	17,532,682
<b>Net Position</b>	
Net Investment in Capital Assets	28,657,262
Restricted for:	
Capital Outlay	4,801,290
Food Service	42,931
Special Education	327,313
Classroom Facilities Maintenance	291,936
Extracurricular Activities	162,616
Student Instruction	46,048
Other Purposes	29,369
Unrestricted (Deficit)	(22,621,941)
<i>Total Net Position</i>	\$11,736,824

See accompanying notes to the basic financial statements

**Dover City School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2020

	Expenses	Program Revenues		Capital Grants, Contributions and Interest	Net (Expense)
		Charges for Services	Operating Grants and Contributions		Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$15,990,400	\$1,133,745	\$666,520	\$0	(\$14,190,135)
Special	3,691,685	68,244	1,638,319	0	(1,985,122)
Vocational	15,958	0	54,988	0	39,030
Student Intervention Services	381,702	0	174,528	0	(207,174)
Support Services:					
Pupils	958,056	0	159,698	0	(798,358)
Instructional Staff	669,655	0	13,326	0	(656,329)
Board of Education	115,351	0	0	0	(115,351)
Administration	2,360,076	0	20,071	0	(2,340,005)
Fiscal	750,800	0	0	0	(750,800)
Operation and Maintenance of Plant	2,488,502	0	17,153	703,444	(1,767,905)
Pupil Transportation	942,786	0	8,293	0	(934,493)
Operation of Non-Instructional Services:					
Food Service Operations	921,530	196,172	628,297	0	(97,061)
Community Services	208,066	0	164,550	0	(43,516)
Extracurricular Activities	1,202,498	327,060	9,745	10,000	(855,693)
Interest and Fiscal Charges	889,075	0	0	0	(889,075)
<i>Total</i>	<u>\$31,586,140</u>	<u>\$1,725,221</u>	<u>\$3,555,488</u>	<u>\$713,444</u>	<u>(25,591,987)</u>

**General Revenues**

Property Taxes Levied for:	
General Purposes	13,328,808
Debt Service	1,536,682
Capital Outlay	130,803
Classroom Facilities Maintenance	180,189
Grants and Entitlements not Restricted to Specific Programs	9,496,963
Unrestricted Contributions	99,603
Investment Earnings	568,920
Miscellaneous	156,215

*Total General Revenues* 25,498,183

Change in Net Position (93,804)

*Net Position Beginning of Year - Restated (See Note 3)* 11,830,628

*Net Position End of Year* \$11,736,824

See accompanying notes to the basic financial statements

**Dover City School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2020*

	General	Building	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$4,713,829	\$2,133,428	\$2,783,951	\$1,936,668	\$11,567,876
Accounts Receivable	6,641	0	0	15,201	21,842
Interfund Receivable	82,646	0	0	0	82,646
Intergovernmental Receivable	21,213	0	617,526	367,607	1,006,346
Accrued Interest Receivable	26,242	88	2,229	0	28,559
Property Taxes Receivable	13,255,035	0	0	1,764,921	15,019,956
Prepaid Items	21,155	0	0	0	21,155
<i>Total Assets</i>	<u>\$18,126,761</u>	<u>\$2,133,516</u>	<u>\$3,403,706</u>	<u>\$4,084,397</u>	<u>\$27,748,380</u>
<b>Liabilities</b>					
Accounts Payable	\$78,338	\$41,731	\$11,054	\$0	\$131,123
Accrued Wages and Benefits	2,524,213	0	0	266,587	2,790,800
Contracts Payable	0	13,799	914,209	0	928,008
Intergovernmental Payable	536,895	0	0	42,558	579,453
Judgment Payable	50,000	0	0	0	50,000
Retainage Payable	0	55,761	558,566	0	614,327
Matured Compensated Absences Payable	29,863	0	0	0	29,863
Interfund Payable	0	0	0	82,646	82,646
<i>Total Liabilities</i>	<u>3,219,309</u>	<u>111,291</u>	<u>1,483,829</u>	<u>391,791</u>	<u>5,206,220</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes	11,029,341	0	0	1,468,567	12,497,908
Unavailable Revenue	229,551	0	617,526	284,113	1,131,190
<i>Total Deferred Inflows of Resources</i>	<u>11,258,892</u>	<u>0</u>	<u>617,526</u>	<u>1,752,680</u>	<u>13,629,098</u>
<b>Fund Balances</b>					
Nonspendable	21,155	0	0	0	21,155
Restricted	0	2,022,225	1,302,351	2,111,436	5,436,012
Assigned	2,242,148	0	0	0	2,242,148
Unassigned (Deficit)	1,385,257	0	0	(171,510)	1,213,747
<i>Total Fund Balances</i>	<u>3,648,560</u>	<u>2,022,225</u>	<u>1,302,351</u>	<u>1,939,926</u>	<u>8,913,062</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$18,126,761</u>	<u>\$2,133,516</u>	<u>\$3,403,706</u>	<u>\$4,084,397</u>	<u>\$27,748,380</u>

See accompanying notes to the basic financial statements

**Dover City School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 June 30, 2020*

<b>Total Governmental Funds Balances</b>		\$8,913,062
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		52,764,589
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	230,551	
Intergovernmental Grants	860,850	
Tuition and Fees	19,125	
Miscellaneous	20,664	
<b>Total</b>	<b>1,131,190</b>	1,131,190
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.		3,810,568
In the statement of activities, interest is accrued on outstanding bonds, whereas in the funds, an interest expenditure is reported when due.		(153,579)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(24,448,734)	
Lease Purchase	(7,891)	
Capital Lease Payable	(45,142)	
Compensated Absences	(1,851,144)	
<b>Total</b>	<b>(26,352,911)</b>	(26,352,911)
The net OPEB asset and net pension/OPEB liabilities are not due and payable in the current period; therefore, the asset, liabilities and related deferred outflows/inflows are not reported in the funds:		
Net OPEB Asset	1,854,549	
Deferred Outflows - Pension	5,723,145	
Deferred Outflows - OPEB	544,401	
Net Pension Liability	(29,446,630)	
Net OPEB Liability	(2,016,786)	
Deferred Inflows - Pension	(2,061,694)	
Deferred Inflows - OPEB	(2,973,080)	
<b>Total</b>	<b>(28,376,095)</b>	(28,376,095)
 <i>Net Position of Governmental Activities</i>		 <b>\$11,736,824</b>

See accompanying notes to the basic financial statements

**Dover City School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2020*

	General	Building	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property and Other Local Taxes	\$13,290,095	\$0	\$0	\$1,844,278	\$15,134,373
Intergovernmental	10,432,530	460,606	4,888,706	2,464,525	18,246,367
Interest	331,783	47,950	134,473	0	514,206
Tuition and Fees	1,146,086	0	0	0	1,146,086
Extracurricular Activities	128,108	0	0	235,730	363,838
Charges for Services	0	0	0	196,172	196,172
Contributions and Donations	99,603	204,888	0	21,285	325,776
Miscellaneous	189,784	181	9,097	0	199,062
<i>Total Revenues</i>	<u>25,617,989</u>	<u>713,625</u>	<u>5,032,276</u>	<u>4,761,990</u>	<u>36,125,880</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	14,597,097	0	0	620,637	15,217,734
Special	2,847,055	0	0	686,777	3,533,832
Vocational	6,474	0	0	9,484	15,958
Student Intervention Services	183,417	0	0	168,743	352,160
Support Services:					
Pupils	657,085	0	0	249,291	906,376
Instructional Staff	670,414	0	0	17,537	687,951
Board of Education	115,351	0	0	0	115,351
Administration	2,228,895	0	0	27,284	2,256,179
Fiscal	700,081	0	0	31,675	731,756
Operation and Maintenance of Plant	2,131,137	3,401	119,620	192,325	2,446,483
Pupil Transportation	831,135	0	0	73,504	904,639
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	904,596	904,596
Community Services	0	0	0	197,833	197,833
Extracurricular Activities	726,841	0	0	372,793	1,099,634
Capital Outlay	61,324	3,071,941	16,256,410	0	19,389,675
Debt Service:					
Principal Retirement	43,988	0	0	505,000	548,988
Interest and Fiscal Charges	10,441	0	0	926,525	936,966
<i>Total Expenditures</i>	<u>25,810,735</u>	<u>3,075,342</u>	<u>16,376,030</u>	<u>4,984,004</u>	<u>50,246,111</u>
<i>Net Change in Fund Balances</i>	(192,746)	(2,361,717)	(11,343,754)	(222,014)	(14,120,231)
<i>Fund Balances Beginning of Year</i>	<u>3,841,306</u>	<u>4,383,942</u>	<u>12,646,105</u>	<u>2,161,940</u>	<u>23,033,293</u>
<i>Fund Balances End of Year</i>	<u>\$3,648,560</u>	<u>\$2,022,225</u>	<u>\$1,302,351</u>	<u>\$1,939,926</u>	<u>\$8,913,062</u>

See accompanying notes to the basic financial statements

**Dover City 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, 2020*

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**Net Change in Fund Balances - Total Governmental Funds** (\$14,120,231)

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

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

Capital Outlay	19,603,869	
Depreciation	(555,082)	
Total	19,048,787	19,048,787

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

Property Taxes	42,109	
Intergovernmental	(4,754,595)	
Tuition and Fees	19,125	
Miscellaneous	(42,847)	
Total	(4,736,208)	(4,736,208)

The change in net position of the internal service fund is reported with governmental activities in the statement of activities. 739,274

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 the governmental funds:

Accrued Interest	1,684	
Amortization of Bonds Premium	50,668	
Amortization of Bonds Discount	(4,461)	
Total	47,891	47,891

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 548,988

Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (36,171)

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

Pension	2,191,369	
OPEB	52,224	
Total	2,243,593	2,243,593

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

Pension	(4,380,381)	
OPEB	550,654	
Total	(3,829,727)	(3,829,727)

*Change in Net Position of Governmental Activities* (\$93,804)

See accompanying notes to the basic financial statements



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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	22,945,053	23,729,173	24,877,127	1,147,954
<b>Expenditures</b>	25,980,823	25,754,127	26,549,775	(795,648)
<i>Net Change in Fund Balance</i>	(3,035,770)	(2,024,954)	(1,672,648)	352,306
<i>Fund Balance Beginning of Year</i>	4,587,678	4,587,678	4,587,678	0
Prior Year Encumbrances Appropriated	809,435	809,435	809,435	0
<i>Fund Balance End of Year</i>	<u>\$2,361,343</u>	<u>\$3,372,159</u>	<u>\$3,724,465</u>	<u>\$352,306</u>

See accompanying notes to the basic financial statements

**Dover City School District**  
*Statement of Fund Net Position*  
*Proprietary Fund*  
*June 30, 2020*

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	Governmental Activities - Internal Service Fund
<b>Assets</b>	
<i>Current Assets:</i>	
Cash and Cash Equivalents with Fiscal Agent	<u>\$4,529,796</u>
<b>Liabilities</b>	
<i>Current Liabilities:</i>	
Claims Payable	318,143
Unearned Revenue	<u>401,085</u>
<i>Total Liabilities</i>	<u>719,228</u>
<b>Net Position</b>	
Unrestricted	<u><u>\$3,810,568</u></u>

See accompanying notes to the basic financial statements

**Dover City School District**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Position  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2020*

	Governmental Activities - Internal Service Fund
<b>Operating Revenues</b>	
Charges for Services	\$4,288,176
<b>Operating Expenses</b>	
Purchased Services	827,614
Claims	2,823,952
<i>Total Operating Expenses</i>	3,651,566
<i>Operating Income</i>	636,610
<b>Non-Operating Revenues</b>	
Interest	102,664
<i>Change in Net Position</i>	739,274
<i>Net Position Beginning of Year</i>	3,071,294
<i>Net Position End of Year</i>	\$3,810,568

See accompanying notes to the basic financial statements

**Dover City School District**  
*Statement of Cash Flows*  
*Proprietary Fund*  
For the Fiscal Year Ended June 30, 2020

	<u>Governmental Activities - Internal Service Fund</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Transactions with Other Funds	\$4,295,083
Cash Payments for Goods and Services	(827,614)
Cash Payments for Claims	<u>(2,755,334)</u>
<i>Net Cash Provided by Operating Activities</i>	712,135
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	<u>102,664</u>
<i>Net Increase in Cash and Cash Equivalents</i>	814,799
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>3,714,997</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$4,529,796</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	<u>\$636,610</u>
Adjustments:	
Increase in Liabilities:	
Claims Payable	68,618
Unearned Revenue	<u>6,907</u>
<i>Total Adjustments</i>	<u>75,525</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$712,135</u></u>
See accompanying notes to the basic financial statements	

**Dover City School District**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*June 30, 2020*

	Private Purpose Trust	
	Scholarships	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$366,374	\$133,328
Investments in Segregated Accounts	19,573	0
<i>Total Assets</i>	385,947	\$133,328
<b>Liabilities</b>		
Due to Students	0	\$133,328
<b>Net Position</b>		
Held in Trust for Scholarships	\$385,947	

See accompanying notes to the basic financial statements

**Dover City School District**  
*Statement of Changes in Fiduciary Net Position*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2020*

	Private Purpose Trust
	Scholarship
<b>Additions</b>	
Contributions and Donations	\$2,351
Interest	1,248
	3,599
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	18,211
	(14,612)
<i>Change in Net Position</i>	<i>(14,612)</i>
<i>Net Position Beginning of Year</i>	<i>400,559</i>
<i>Net Position End of Year</i>	<i>\$385,947</i>

See accompanying notes to the basic financial statements

**Dover City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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

The Dover City School District (the “School District”) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a School District as defined by Section 3311.02 of the Ohio Revised Code. The School District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the School District.

The School District is located in Tuscarawas County and encompasses the City of Dover and portions of surrounding townships. The School District currently operates three elementary schools (grade-leveled), one middle school (6-8) and one high school (9-12), which are staffed by 170 certificated full-time-equivalent teaching personnel, 91 full-time-equivalent classified employees, and 13 administrative employees who provide services to 2,640 students and other community members.

***Reporting Entity***

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

***Nonpublic Schools*** Within the School District boundaries, St. Joseph Elementary Parochial School is operated through the Columbus Catholic Diocese. Current State legislation provides funding to this nonpublic school. These monies are received and disbursed on behalf of the nonpublic school by the Treasurer of the School District, as directed by the nonpublic school. These transactions are reported in a special revenue fund and as a governmental activity of the School District.

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

The School District participates in the three jointly governed organizations, the Ohio Mid-Eastern Regional Educational Service Agency, Buckeye Joint Vocational School District, and Tuscarawas County Tax Incentive Review Council, and in two insurance purchasing pools, the Ohio School Boards Association Workers’ Compensation Group Rating Program and the Jefferson Health Plan. The Dover Public Library is a related organization of the School District. Additional information about these organizations is presented in Notes 19, 20 and 21 to the basic financial statements.

**Dover City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**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. Following are the more significant of the School District’s accounting policies.

***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 activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore 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 year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

***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 various funds of the School District are grouped into three categories: governmental, proprietary and fiduciary.

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



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The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

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

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

**Classroom Facilities Fund** The classroom facilities fund is used to account for and report monies received and expended in connection with contracts entered into by the School District and the Ohio Facilities Construction Commission for the building and equipping of classroom facilities.

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

**Proprietary Funds** Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The School District's only proprietary fund is an internal service fund.

**Internal Service Fund** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for a self-insurance program for employee medical, dental and prescription benefits.

**Fiduciary Funds** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is a private purpose trust which accounts for a college scholarship program for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for the student advance placement testing and student managed activities.

**Measurement Focus**

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

**Dover City School District**  
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government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the fund are included on the statement of fund net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its internal service fund.

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

***Basis of Accounting***

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

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

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

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

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 13 and 14.

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In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, unavailable revenue, pension and OPEB plans. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, tuition and fees, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities found on page 18. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 13 and 14).

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

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

***Cash and Cash Equivalents***

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

The School District participates in the Jefferson Health Plan for self-insurance. These monies are held separate from the School District's central bank account and are reflected in the financial statements as "cash and cash equivalents with fiscal agent." The Jefferson County Educational Service Center serves as the fiscal agent for the insurance consortium.

During fiscal year 2020, investments were limited to STAR Ohio, an annuity, first American treasury obligations funds, negotiable certificates of deposit, U.S. Treasury notes, and federal farm credit bank and federal home loan bank securities. Except for STAR Ohio and the annuity, investments are reported at fair value.

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

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There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates; however, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2020 amounted to \$331,783, which includes \$122,248 assigned from other School District funds.

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

***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2020, 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 year in which services are consumed.

***Capital Assets***

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the 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 and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land Improvements	10-50 years
Buildings and Building Improvements	10-50 years
Furniture and Fixtures	5-20 years
Vehicles	10 years

***Interfund Balances***

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

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***Compensated Absences***

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

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

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund or funds from which the employees who have accumulated the leave will be paid.

***Unearned Revenue***

Unearned revenue reported on the statement of net position and the statement of fund net position for the internal service funds represents early payments received for self-insurance funding for July 2020.

***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.

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

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

***Bond Discounts and Premiums***

In the government-wide financial statements, bond premiums and discounts 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. Bond premiums are presented as an increase of the face amount of the bonds payable, and bond discounts are presented as a decrease.

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On the governmental fund financial statements, bond premiums and bond discounts are recognized in the period in which debt is issued. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses.

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.

***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 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 School District Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education or by a School District official delegated that authority by resolution or by State statute. State statute authorizes the Treasurer to assign fund balances for purchases on order provided such amounts have been lawfully appropriated. The School District Board of Education also assigned fund balance to cover a gap between estimated revenues and appropriations in the fiscal year 2021 budget.

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

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.

**Dover City School District**  
*Notes to the Basic Financial Statements*  
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***Net Position***

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any 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 includes instructional programs and school safety.

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

***Interfund Activity***

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the government-wide statements. Interfund payments for services provided and used are not eliminated.

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

***Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

***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 on the financial statements and accompanying notes. Actual results may differ from those estimates.

***Budgetary Data***

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

**Dover City School District**  
*Notes to the Basic Financial Statements*  
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The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were passed by the Board of Education.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation 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.

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

***Changes in Accounting Principles***

The Governmental Accounting Standards Board (GASB) recently issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The School District evaluated implementing these certain GASB pronouncements based on the guidance in GASB 95.

For fiscal year 2020, the School District implemented the Governmental Accounting Standards Board’s (GASB) *Implementation Guide No. 2018-1*. These changes were incorporated in the School District’s 2020 financial statements; however, there was no effect on beginning net position/fund balance.

***Restatement of Net Position***

For fiscal year 2020, the School District had an outside valuation company calculate its capital assets. As a result, it was determined that capital assets had been overstated by \$952,940 at June 30, 2019. The correction of the capital assets balance had the following effect on net position as reported June 30, 2019.

	Governmental Activities
Net Position June 30, 2019	\$12,783,568
Capital Assets	(952,940)
Restated Net Position June 30, 2019	\$11,830,628

**Note 4 – Budgetary Basis of Accounting**

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

The major differences between the budget basis and GAAP basis are as follows:

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



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2. Unrecorded cash represents amounts received but not reported by the School District on the operating statement (budget basis), but which is reported on the GAAP basis operating statement.
3. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).
4. Expenditures are recorded when paid in cash (budget basis) as opposed to when the fund liability is incurred (GAAP basis).
5. Budgetary revenues and expenditures of the uniform school supplies and public school support funds are reclassified to the general fund for GAAP reporting.
6. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
GAAP Basis	(\$192,746)
Net Adjustment for Revenue Accruals	(450,192)
Ending Unrecorded Cash	(10,093)
Beginning Fair Value Adjustment for Investments	46,531
Ending Fair Value Adjustment for Investments	(199,058)
Net Adjustment for Expenditure Accruals	(76,427)
Perspective Differences:	
Uniform School Supplies	(6,079)
Public School Support	4,556
Encumbrances	(789,140)
Budget Basis	<u><u>(\$1,672,648)</u></u>

**Note 5 – Compliance and Accountability**

***Compliance***

The School District had negative cash balances at June 30, 2020, in the following funds:

	Amount
<i>Special Revenue:</i>	
Title VI-B	\$56,995
Title III	3,473
Title I	4,295
Preschool Grant	1,161
Improving Teacher Quality	6,380
Miscellaneous Federal Grants	10,342

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The negative cash balances indicate that revenue from other sources were used to pay obligations of these funds, contrary to Ohio Revised Code Section 5705.10. The cash deficits were the result of monies being expended with the expectation that the School District will be reimbursed during fiscal year 2021. Although the cash deficits were not corrected by fiscal year end, management has indicated that cash will be closely monitored to prevent future violations.

**Accountability**

Fund balances at June 30, 2020, included individual fund deficits in the following funds:

	Deficit
<i>Special Revenue:</i>	
Auxiliary Services	\$15,510
Title VI-B	96,516
Title III	6,120
Title I	26,888
Preschool Grant	2,945
Improving Teacher Quality	11,245
Miscellaneous Federal Grants	12,286

The special revenue funds deficit balances resulted from adjustments for accrued liabilities as well as short-term interfund loans from the general fund needed for operations until the receipt of grant monies. The general fund is liable for any deficit in these funds and will provide transfers when cash is required, not when accruals occur.

**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 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 or by savings or deposit accounts, including passbook accounts.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

**Dover City School District**  
*Notes to the Basic Financial Statements*  
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2. Bonds, notes, debentures, or any other obligation or security issued by any Federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All Federal agency securities shall be direct issuances of Federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed previously, provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate 5 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. 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.

**Cash with Fiscal Agent**

The School District participates in the Jefferson Health Plan for employee benefits. The amount held at fiscal year end for the employee benefit self-insurance fund was \$4,529,796. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

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**Deposits**

**Custodial Credit Risk** Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2020, \$136,255 of the School District's total bank balance of \$4,981,331 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Two of the School District's financial institutions participate in the Ohio Pooled Collateral System (OPCS), and one was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

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

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

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**Investments**

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

Measurement/Investment	Measurement Amount	Maturity (in Years)			Standard & Poor's Rating	Percent of Total Investments
		Less than 1	1-3	3-5		
Net Asset Value Per Share:						
STAR Ohio	\$284,843	\$284,843	\$0	\$0	AAAm	4.01 %
Annuity	19,573	19,573	0	0	N/A	0.28
Fair Value - Level 1 Inputs:						
First American Treasury Obligations Funds	786,838	786,838	0	0	AAAm	11.06
Fair Value - Level 2 Inputs:						
Negotiable Certificates of Deposit	3,635,043	502,875	2,067,840	1,064,328	N/A	51.11
U.S. Treasury Notes	1,713,802	1,461,224	252,578	0	AA+	24.10
Federal Farm Credit Bank	415,533	0	0	415,533	AA+	5.84
Federal Home Loan Bank	256,336	0	256,336	0	AA+	3.60
<b>Total Investments</b>	<b>\$7,111,968</b>	<b>\$3,055,353</b>	<b>\$2,576,754</b>	<b>\$1,479,861</b>		<b>100.00 %</b>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The preceding table identifies the School District's recurring fair value measurements as of June 30, 2020. The School District's investments in the first American treasury obligations funds are measured at fair value based on quoted market prices (level one input). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades,

**Dover City School District**  
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broker/dealer quotes, issuer spreads, two-sided marts, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (level 2 inputs).

**Interest Rate Risk** Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The School District’s investment policy limits investment portfolio maturities to five years or less.

**Credit Risk** The School District’s investments are rated as shown in the preceding table. The School District does not have an investment policy that addresses credit risk. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average maturity of the portfolio held by STAR Ohio as of June 30, 2020, is 41.5 days.

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

**Note 7 – Receivables**

Receivables at June 30, 2020, consisted of taxes, interfund, accounts (contributions and donations and miscellaneous) and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Ohio Facilities Construction Commission Grant	\$617,526
IDEA-B Special Education Grant	169,216
Title I-A Improving Basic Programs Grant	104,392
Food Service Grants and Reimbursements	24,235
Title II-A Supporting Effective Instruction Grant	22,282
Title III Language Instruction for English Learners Grant	19,521
21st Century Grant	15,770
Regular Tuition	13,442
Title IV-A Student Support and Academic Enrichment Grant	5,820
Special Education Tuition	5,683
IDEA Early Childhood Special Education Grant	4,052
Title III Immigrant Grant	1,515
School Foundation Payment Report Adjustment	1,503
Medicaid	804
School Employees Retirement System Refund	585
Total	<u><u>\$1,006,346</u></u>

**Dover City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 8 – 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’s parameters. Real property tax revenue received in calendar year 2020 represents collections of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed value listed as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State law at thirty-five 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 2020 represents collections of calendar year 2019 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien December 31, 2018, were levied after April 1, 2019, and are collected in calendar year 2020 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Tuscarawas County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount 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, and delinquent tangible personal property taxes which are measurable as of June 30, 2020, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2020, was \$2,022,234 in the general fund, \$25,532 in the classroom facilities special revenue fund, \$225,166 in the bond retirement debt service fund, and \$18,565 in the permanent improvement capital projects fund. By comparison, the amount available as an advance at June 30, 2019, was \$1,561,890 in the general fund, \$22,085 in the classroom facilities special revenue fund, \$186,191 in the bond retirement debt service fund, and \$16,370 in the permanent improvement capital projects fund. The difference was in the timing and collection by the County Auditor.

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

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

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	2019 Second Half Collections		2020 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$371,977,880	97.51 %	\$415,565,700	97.37 %
Public Utility Personal Property	9,489,020	2.49	11,219,770	2.63
<b>Total</b>	<b>\$381,466,900</b>	<b>100.00 %</b>	<b>\$426,785,470</b>	<b>100.00 %</b>
 Tax rate per \$1,000 of assessed valuation	 \$60.87		 \$59.47	

The tax rate decreased due to an increase in property tax values in the School District during fiscal year 2020. The increase in property tax values caused the tax rate to decrease so that the emergency and bond levies would meet their collection amounts.

***Tax Abatements***

The School District's property taxes were reduced as follows under enterprise zone tax exemption agreements entered into by overlapping governments:

Overlapping Government	Amount of Fiscal Year 2020 Taxes Abated
<i>Enterprise Zone Tax Exemptions:</i>	
City of Dover	\$100,306
Franklin Township	1,057
<b>Total</b>	<b>\$101,363</b>

**Note 9 – Interfund Balances**

Interfund balances at June 30, 2020, consisted of the following:

Interfund Payable	Interfund Receivable
	General
<b><i>Other Governmental Funds:</i></b>	
Title VI-B	\$56,995
Title III	3,473
Title I	4,295
Preschool Grant	1,161
Improving Teacher Quality	6,380
Miscellaneous Federal Grants	10,342
<b>Total</b>	<b>\$82,646</b>

Interfund receivables and payables are due to the timing of the receipt of grant monies and monies collected for some programs received by various funds. The general fund provides money to operate the programs until grants and other monies are received and the advances can be repaid. All interfund payables outstanding are anticipated to be repaid within one year.

**Dover City School District**  
*Notes to the Basic Financial Statements*  
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**Note 10 – Capital Assets**

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

	Restated Balance 6/30/19	Additions	Reductions	Balance 6/30/20
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$2,552,184	\$23,305	\$0	\$2,575,489
Construction in Progress	24,458,668	19,318,539	(190,787)	43,586,420
<i>Total Capital Assets, not being depreciated</i>	<u>27,010,852</u>	<u>19,341,844</u>	<u>(190,787)</u>	<u>46,161,909</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	1,953,645	190,787	0	2,144,432
Buildings and Building Improvements	14,092,361	54,750	0	14,147,111
Furniture and Equipment	2,807,415	121,275	0	2,928,690
Vehicles	1,419,376	86,000	0	1,505,376
<i>Total Capital Assets, being depreciated</i>	<u>20,272,797</u>	<u>452,812</u>	<u>0</u>	<u>20,725,609</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(1,065,454)	(88,900)	0	(1,154,354)
Buildings and Building Improvements	(10,032,131)	(272,009)	0	(10,304,140)
Furniture and Equipment	(1,561,888)	(115,869)	0	(1,677,757)
Vehicles	(908,374)	(78,304)	0	(986,678)
<i>Total Accumulated Depreciation</i>	<u>(13,567,847)</u>	<u>(555,082) *</u>	<u>0</u>	<u>(14,122,929)</u>
Total Capital Assets being depreciated, net	<u>6,704,950</u>	<u>(102,270)</u>	<u>0</u>	<u>6,602,680</u>
Governmental Activities Capital Assets, net	<u>\$33,715,802</u>	<u>\$19,239,574</u>	<u>(\$190,787)</u>	<u>\$52,764,589</u>

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

Instruction:	
Regular	\$258,001
Special	16,375
Support Services:	
Pupils	5,828
Instructional Staff	722
Administration	14,266
Fiscal	389
Operation and Maintenance of Plant	26,644
Pupil Transportation	105,910
Operation of Non-Instructional Services:	
Food Service Operations	8,992
Community Services	1,721
Extracurricular Activities	116,234
Total Depreciation Expense	<u>\$555,082</u>



**Dover City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

**Note 11 – 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 government funds. The constraints placed on fund balance for the major governmental fund and all other governmental funds are presented as follows:

Fund Balances	General	Building	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>					
Prepays	\$21,155	\$0	\$0	\$0	\$21,155
<u>Restricted for:</u>					
Debt Service	0	0	0	909,090	909,090
Capital Outlay	0	2,022,225	1,302,351	358,026	3,682,602
Food Service Operations	0	0	0	75,483	75,483
Special Education	0	0	0	300,165	300,165
Classroom Facilities Maintenance	0	0	0	289,367	289,367
Extracurricular Activities	0	0	0	162,616	162,616
<u>Other Purposes:</u>					
Instructional Programs	0	0	0	4,662	4,662
School Safety	0	0	0	12,027	12,027
<i>Total Restricted</i>	<u>0</u>	<u>2,022,225</u>	<u>1,302,351</u>	<u>2,111,436</u>	<u>5,436,012</u>
<u>Assigned to:</u>					
Purchases on Order:					
Instructional Services	231,948	0	0	0	231,948
Support Services	531,666	0	0	0	531,666
Fiscal Year 2021 Operations	1,478,534	0	0	0	1,478,534
<i>Total Assigned</i>	<u>2,242,148</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,242,148</u>
Unassigned (Deficit)	1,385,257	0	0	(171,510)	1,213,747
<b>Total Fund Balances</b>	<u><u>\$3,648,560</u></u>	<u><u>\$2,022,225</u></u>	<u><u>\$1,302,351</u></u>	<u><u>\$1,939,926</u></u>	<u><u>\$8,913,062</u></u>

**Note 12 – Risk Management**

***Property and Liability Insurance***

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. The School District has a comprehensive property and casualty policy with a deductible of \$2,500 per incident on property and equipment. The School District's comprehensive property policy aggregate limit is approximately \$106,271,947. The School District's vehicle insurance policy limit is \$1,000,000 with a \$250 comprehensive deductible and a \$500 collision deductible. All Board of Education members, administrators, and employees are covered under a School District liability policy. The School District's liability insurance limits of coverage are \$2,000,000 per occurrence and \$4,000,000 in aggregate. Settled claims have not exceeded this coverage in any of the past three years. There was no significant reduction in insurance coverage from the prior year.

**Dover City School District**  
*Notes to the Basic Financial Statements*  
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***Workers' Compensation***

For fiscal year 2020, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (see Note 20). 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "Equity Pooling Fund" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Comp Management, A Sedgwick CMS Company, provides administrative, cost control and actuarial services to the GRP.

***Employee Medical Benefits***

Medical, surgical and dental insurance is offered to all employees through a self-insurance internal service fund. The School District is a member of the Jefferson Health Plan, a public entity risk management, insurance, and claims servicing pool (see Note 20), consisting of school districts within the region, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$318,143 reported in the internal service fund at June 30, 2020, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in fund's claims liability for the fiscal years 2020 and 2019 were as follows:

Fiscal Year	Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2019	\$223,786	\$3,315,522	\$3,289,783	\$249,525
2020	249,525	2,823,952	2,755,334	318,143

**Note 13 – Defined Benefit Pension Plans**

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

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

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

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The net pension/OPEB liability (asset) represent 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.

The Ohio Revised Code limits the School District’s obligation for these liabilities 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 both assume the liabilities are solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also include pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, 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 liabilities (asset). Resulting adjustments to the net pension/OPEB liabilities (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan’s unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liabilities* 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 14 for the required OPEB disclosures.

***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](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Age 65 with 5 years of service credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

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

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

The School District's contractually required contribution to SERS was \$378,936 for fiscal year 2020. Of this amount \$38,119 is reported as an intergovernmental payable.

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

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org).

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be 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, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. 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.

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2020 employer and employee contribution rates of 14 percent were equal to the statutory maximum rates. For fiscal year 2020, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$1,812,433 for fiscal year 2020. Of this amount \$311,020 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, 2019, 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:

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	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Prior Measurement Date	0.08379850%	0.11392811%	
Current Measurement Date	0.07829240%	0.11197346%	
Change in Proportionate Share	<u>-0.00550610%</u>	<u>-0.00195465%</u>	
Proportionate Share of the Net Pension Liability	\$4,684,372	\$24,762,258	\$29,446,630
Pension Expense	734,722	3,645,659	4,380,381

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

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$118,785	\$201,606	\$320,391
Changes of assumptions	0	2,908,805	2,908,805
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	33,438	269,142	302,580
School District contributions subsequent to the measurement date	378,936	1,812,433	2,191,369
Total Deferred Outflows of Resources	<u>\$531,159</u>	<u>\$5,191,986</u>	<u>\$5,723,145</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$107,191	\$107,191
Net difference between projected and actual earnings on pension plan investments	60,130	1,210,245	1,270,375
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	238,552	445,576	684,128
Total Deferred Inflows of Resources	<u>\$298,682</u>	<u>\$1,763,012</u>	<u>\$2,061,694</u>

\$2,191,369 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2021	(\$13,611)	\$1,534,453	\$1,520,842
2022	(162,947)	222,930	59,983
2023	(4,002)	(198,063)	(202,065)
2024	34,101	57,221	91,322
Total	<u>(\$146,459)</u>	<u>\$1,616,541</u>	<u>\$1,470,082</u>

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**Actuarial Assumptions – SERS**

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2019, are presented as follows:

Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age setback 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, 2015.

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 rebalanced uncorrelated asset classes.

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$6,564,479	\$4,684,372	\$3,107,666

**Actuarial Assumptions – STRS**

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

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017



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Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality 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 July 1, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

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

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

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

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

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

**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 7.45 percent, as well as what the

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School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$36,187,281	\$24,762,258	\$15,090,390

**Note 14 – Defined Benefit OPEB Plans**

See Note 13 for a description of the net OPEB liability (asset).

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

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

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2020, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

For fiscal year 2020, the School District's surcharge obligation was \$52,224.

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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 \$52,224 for fiscal year 2020, which is reported as an intergovernmental payable.

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

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

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

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Prior Measurement Date	0.08464280%	0.11392811%	
Current Measurement Date	0.08019700%	0.11197346%	
Change in Proportionate Share	-0.00444580%	-0.00195465%	
Proportionate Share of the:			
Net OPEB Liability	\$2,016,786	\$0	\$2,016,786
Net OPEB Asset	0	1,854,549	1,854,549
OPEB Expense	16,858	(567,512)	(550,654)

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

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$29,605	\$168,128	\$197,733
Changes of assumptions	147,303	38,982	186,285
Net difference between projected and actual earnings on OPEB plan investments	4,841	0	4,841
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	51,894	51,424	103,318
School District contributions subsequent to the measurement date	52,224	0	52,224
<b>Total Deferred Outflows of Resources</b>	<b>\$285,867</b>	<b>\$258,534</b>	<b>\$544,401</b>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$443,074	\$94,352	\$537,426
Changes of assumptions	113,015	2,033,296	2,146,311
Net difference between projected and actual earnings on OPEB plan investments	0	116,479	116,479
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	138,509	34,355	172,864
<b>Total Deferred Inflows of Resources</b>	<b>\$694,598</b>	<b>\$2,278,482</b>	<b>\$2,973,080</b>

\$52,224 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	(\$148,461)	(\$442,419)	(\$590,880)
2022	(68,811)	(442,420)	(511,231)
2023	(67,390)	(395,737)	(463,127)
2024	(67,621)	(379,363)	(446,984)
2025	(72,679)	(363,468)	(436,147)
Thereafter	(35,993)	3,459	(32,534)
<b>Total</b>	<b>(\$460,955)</b>	<b>(\$2,019,948)</b>	<b>(\$2,480,903)</b>

**Actuarial Assumptions – SERS**

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

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.

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

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

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

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015 and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer 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 13.

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2019, was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019, was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made

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from members and the System at the State statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
School District's proportionate share of the net OPEB liability	\$2,447,996	\$2,016,786	\$1,673,924

  

	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$1,615,854	\$2,016,786	\$2,548,725

***Actuarial Assumptions – STRS***

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

Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends:	
Medical:	
Pre-Medicare	5.87 percent initial, 4 percent ultimate
Medicare	4.93 percent initial, 4 percent ultimate
Prescription Drug:	
Pre-Medicare	7.73 percent initial, 4 percent ultimate
Medicare	9.62 percent initial, 4 percent ultimate

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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, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

Since the prior measurement date, 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.

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 13.

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate 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 20, 2019. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2019.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	\$1,582,488	\$1,854,549	\$2,083,289
		Current	
	1% Decrease	Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$2,102,974	\$1,854,549	\$1,550,289

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**Note 15 – Other Employee Benefits**

***Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. All employees earn three days of personal leave per year. This may not be accumulated. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Employees hired prior to July 1, 1990, can carry over the greater of twenty vacation days or the vacation days accumulated as of July 1, 1990. Employees hired after July 1, 1990, may accumulated a maximum of twenty vacation days. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 221 days for teachers, or the number of contracted days plus three days for classified, non-bargaining and administrative employees. Upon completion of five or more years of service to the School District, State, or other political subdivision, and retirement from the profession, payment is made for one-fourth of accrued, but unused, sick leave credit up to a maximum of 55 days for all employees. Employees with less than five years of service are eligible under ORC 124.39 to receive the minimum severance payment specified by law.

***Life Insurance Benefits***

The School District provides life insurance and accidental death and dismemberment insurance to employees through UnumProvident. Coverage is provided for all certified and classified employees in the amount of \$23,000, and prorated based on hours worked when less than 32 hours.

***Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2020, all members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

**Note 16 – Capital Lease**

During fiscal year 2017, the School District entered into a lease for copiers. The lease obligation meets the criteria of a capital lease and has been recorded on the government-wide statements. The assets acquired through the capital lease were capitalized at the present value of the minimum lease payments at the time the lease was entered into. The original amount capitalized for the copiers and the book value as of June 30, 2020, are as follows:

	<u>Amounts</u>
Asset:	
Furniture and Fixtures	\$70,239
Less: Accumulated Depreciation	<u>(46,828)</u>
Book Value	<u><u>\$23,411</u></u>



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The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2020:

Fiscal Year Ending June 30	Amounts
2021	\$29,637
2022	19,757
Total Minimum Lease Payments	49,394
Less: Amount Representing Interest	(4,252)
Present Value of Minimum Lease Payments	<u>\$45,142</u>

Capital lease payments have been reclassified and are reflected as debt service in the fund financial statements. These expenditures are reflected as program expenditures on a budgetary basis.

**Note 17 – Long-Term Obligations**

The changes in the School District’s long-term obligations during fiscal year 2020 were as follows:

	Amount Outstanding 06/30/19	Additions	Reductions	Amount Outstanding 06/30/20	Amount Due Within One Year
<b>Governmental Activities</b>					
General Obligation Bonds:					
Classroom Facilities and School Improvement Bonds, Series 2017-1:					
Serial Bonds	\$4,865,000	\$0	(\$500,000)	\$4,365,000	\$510,000
Term Bonds	10,565,000	0	0	10,565,000	0
Premium	403,800	0	(14,773)	389,027	0
Discount	(121,937)	0	4,461	(117,476)	0
Classroom Facilities and School Improvement Bonds, Series 2017-2:					
Serial Bonds	8,630,000	0	(5,000)	8,625,000	10,000
Premium	658,078	0	(35,895)	622,183	0
Total General Obligation Bonds	<u>24,999,941</u>	<u>0</u>	<u>(551,207)</u>	<u>24,448,734</u>	<u>520,000</u>
Other Obligations:					
Lease Purchase from Direct Borrowing	28,329	0	(20,438)	7,891	7,891
Capital Lease Payable	68,692	0	(23,550)	45,142	26,138
Compensated Absences	1,814,973	223,324	(187,153)	1,851,144	156,397
Total Other Obligations	<u>1,911,994</u>	<u>223,324</u>	<u>(231,141)</u>	<u>1,904,177</u>	<u>190,426</u>
Net Pension Liability:					
SERS	4,799,295	0	(114,923)	4,684,372	0
STRS	25,050,233	0	(287,975)	24,762,258	0
Total Net Pension Liability	<u>29,849,528</u>	<u>0</u>	<u>(402,898)</u>	<u>29,446,630</u>	<u>0</u>
Net OPEB Liability - SERS	<u>2,348,220</u>	<u>0</u>	<u>(331,434)</u>	<u>2,016,786</u>	<u>0</u>
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	<u>\$59,109,683</u>	<u>\$223,324</u>	<u>(\$1,516,680)</u>	<u>\$57,816,327</u>	<u>\$710,426</u>

**Dover City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

**Classroom Facilities and School Improvement Bonds, Series 2017-1** In March 2017 the School District issued \$15,980,000 in general obligation bonds for new construction and building improvements throughout the School District. The general obligation bonds included \$5,415,000 in serial bonds and \$10,565,000 in term bonds. The bonds were issued for a 29 year period with final maturity at November 1, 2046. These bonds were issued with a premium of \$438,271 and a discount of \$132,346. These amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The bonds were issued at interest rates ranging from 2 to 5 percent.

**Optional Redemption** The bonds maturing after November 1, 2025, are subject to prior redemption, by and at the sole option of the School District, in whole or in part as selected by the School District (in whole multiples of \$5,000), on any date on or after November 1, 2025, at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date.

**Mandatory Sinking Fund Redemption** The term bonds maturing on November 1, 2039, 2042 and 2046 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:

Year	Issue		
	\$2,645,000	\$2,370,000	\$5,550,000
2026	\$50,000	\$0	\$0
2027	50,000	0	0
2028	50,000	0	0
2029	50,000	0	0
2030	50,000	0	0
2031	50,000	0	0
2032	50,000	0	0
2033	50,000	0	0
2034	55,000	0	0
2035	55,000	0	0
2036	55,000	0	0
2037	55,000	0	0
2038	995,000	0	0
2041	0	1,155,000	0
2043	0	0	1,275,000
2044	0	0	1,370,000
2045	0	0	1,425,000
Total Mandatory Sinking Fund Payment	1,615,000	1,155,000	4,070,000
Amount Due at Stated Maturity	1,030,000	1,215,000	1,480,000
Total	\$2,645,000	\$2,370,000	\$5,550,000
<i>Stated Maturity</i>	11/1/2039	11/1/2042	11/1/2046

**Classroom Facilities and School Improvement Bonds, Series 2017-2** In March 2017 the School District issued \$9,185,000 in general obligation bonds for new construction and building improvements throughout the School District. The serial bonds were issued for a 20 year period with final maturity at November 1, 2037. These bonds were issued with a premium of \$741,833, which is being amortized to interest expense over the life of the bonds using the straight-line method. The bonds were issued at interest rates ranging from 2 to 4 percent. At June 30, 2020, \$1,094,884 of the bond proceeds were unspent.

**Dover City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

**Optional Redemption** The bonds maturing on and after November 1, 2026, are subject to prior redemption, by and at the sole option of the School District, in whole or in part as selected by the School District (in whole multiples of \$5,000), on any date on or after November 1, 2025, at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date.

**Lease Purchase** During fiscal year 2016, the School District entered into a lease purchase agreement for a telephone system. In the event of default, as defined by the lease agreement, the amounts payable by the School District may become due up to amounts for the remainder of the lease term. The lessor may retake possession of the telephone system (secured asset) and charge the School District a repossession fee.

The general obligation bonds will be paid with property taxes from the bond retirement fund. The lease purchase will be paid from the general fund. There is no repayment schedule for the net pension liability and the net OPEB liability; however, employer pension and OPEB contributions are made from the general fund and the food service, special education grant, auxiliary services, title VI-B, title III, title I, improving teacher quality, and miscellaneous federal grants special revenue funds. For additional information related to the net pension liability and the net OPEB liability, see Notes 13 and 14. Compensated absences will be paid from the general fund and the food service special revenue fund. The capital lease payable will be paid from the general fund.

The School District's overall legal debt margin was \$15,764,782 with an unvoted debt margin of \$426,785 at June 30, 2020. Principal and interest requirements to retire general obligation bonds and the lease purchase outstanding at June 30, 2020, are as follows:

Fiscal Year	General Obligation Bonds				Lease Purchase from Direct Borrowing	
	Serial		Term		Principal	Interest
	Principal	Interest	Principal	Interest		
2021	\$520,000	\$476,588	\$0	\$439,688	\$7,891	\$374
2022	530,000	460,888	0	439,688	0	0
2023	550,000	444,888	0	439,688	0	0
2024	560,000	428,225	0	439,688	0	0
2025	580,000	409,812	0	439,688	0	0
2026-2030	3,005,000	1,751,381	200,000	2,183,438	0	0
2031-2035	3,625,000	1,098,500	255,000	2,137,406	0	0
2036-2040	2,550,000	369,800	2,190,000	2,016,188	0	0
2041-2045	1,070,000	21,400	5,015,000	1,244,600	0	0
2046-2047	0	0	2,905,000	117,300	0	0
<b>Total</b>	<b>\$12,990,000</b>	<b>\$5,461,482</b>	<b>\$10,565,000</b>	<b>\$9,897,372</b>	<b>\$7,891</b>	<b>\$374</b>

**Note 18 – Set-Asides**

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

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

**Dover City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

	Capital Improvement
Set-Aside Balances as of June 30, 2019	\$0
Current Year Set-Aside Requirement	492,836
Current Year Offsets	(326,049)
Prior Year Offset from Bond Proceeds	(166,787)
Totals	\$0
Set-Aside Balance Carried Forward to Future Fiscal Years	\$0
Set-Aside Balance as of June 30, 2020	\$0

The offset from bond proceeds is limited to an amount needed to reduce the capital improvement set-aside balance to \$0. The School District is responsible for tracking the amount of bond proceeds that may be used as an offset for future periods. The available balance remaining for future use as of June 30, 2020, was \$24,499,494.

**Note 19 – Jointly Governed Organizations**

***Ohio Mid-Eastern Regional Educational Service Agency***

Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) is a jointly governed organization created as a regional council of governments pursuant to State statutes. OME-RESA provides financial accounting services, an education management information system, cooperative purchase services and legal services to member districts. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, Muskingum, Monroe, Noble, and Tuscarawas counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school districts. The Jefferson County Educational Service Center office serves as the fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the School District’s continued participation and no equity interest exists. OME-RESA has no outstanding debt. During fiscal year 2020, the School District paid \$99,644 to OME-RESA for various services. To obtain financial information, write to the Ohio Mid-Eastern Regional Educational Service Agency, 2230 Sunset Boulevard Suite 2, Steubenville, Ohio 43952.

***Buckeye Joint Vocational School District***

The Buckeye Joint Vocational School District, which provides vocational education programs, is a distinct subdivision of the State of Ohio operated under a Board consisting of one representative from each of the eleven participating school districts’ elected boards, which possessed its own budgeting and taxing authority. During fiscal year 2020, the School District paid \$21,506 to Buckeye Joint Vocational School District for various services. To obtain financial information, write to Buckeye Joint Vocational School District, Lori Statler, Treasurer, 545 University Drive NE, New Philadelphia, Ohio 44663.

***Tuscarawas County Tax Incentive Review Council***

The Tuscarawas County Tax Incentive Review Council (TCTIRC) is a jointly governed organization, created as a regional council of governments pursuant to State Statutes. TCTIRC has 56 members, consisting of 3 members appointed by the County Commissioners, 22 members appointed by municipal corporations, 12 members appointed by township trustees, 2 members from the County Auditor’s office, 16 members

**Dover City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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appointed by boards of education located within the County, and 1 member representing the Economic Development and Finance Alliance. TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the council can make written recommendations to the legislative authority which approved the agreement. There is no cost associated with being a member of this council. The continued existence of the TCTIRC is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 2020, the School District made no payments to the TCTIRC.

**Note 20 – Insurance Purchasing Pools**

***Ohio School Boards Association Workers' Compensation Group Rating Program***

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

***Jefferson Health Plan***

The School District participates in the Jefferson Health Plan (the Plan), a risk-sharing, claims servicing, and insurance purchasing pool composed of 112 members, including two insurance consortiums. Each participant appoints a member of the insurance plans' assembly. The Plan's business and affairs are conducted by a nine member Board of Directors elected from the assembly. The plan offers medical, prescription, vision, and dental coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$100,000 under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$500,000, and all claims between the deductible and the \$500,000 are paid from the internal shared risk pool. The internal pool is not owned by the participants. All participants pay a premium rate that is actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding \$500,000, stop loss coverage is purchased, as well as for an annual total plan aggregate claims amount. All plan participants also pay a monthly administration fee for fiscal services and third party administrative services. The plan also purchases fully insured life insurance for plan participants provided by United Medical Resources.

**Note 21 – Related Organization**

The Dover Public Library (the Library) is a related organization to the School District. The School District Board of Education members are responsible for appointing all the trustees of the Library; however, the School District Board of Education cannot influence the Library's operation, nor does the Library represent a potential financial benefit or burden to the School District. The School District serves in a ministerial

**Dover City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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capacity as the taxing authority for the Library. Once the Library determines to present a levy to the voters, including the determination of the rate and duration, the School District must place the levy on the ballot. The Library may not issue debt and determines its own budget. During fiscal year 2020, the School District paid \$8,000 to the Library for services provided.

**Note 22 – Contingencies**

***Grants***

The School District received financial assistance from Federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require 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, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2020, if applicable, cannot be determined at this time.

***Litigation***

The School District is not party to any claims or lawsuits that would, in the opinion of management, have a material negative effect on the basic financial statements. The School District has been involved in litigation regarding property that was needed to construct the new Dover High School building and the issue of relocation costs. In September of 2020, the parties settled all remaining issues, including payment from the School District for relocation costs under the appropriation statute, regarding a payment of \$50,000, which has been recorded as a judgment payable in the financial statements. As a result, the case has been terminated with prejudice.

**Note 23 – Significant Commitments**

***Contractual Commitments***

The School District had the following contractual commitments outstanding at June 30, 2020:

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Remaining on Contract</u>
New High School	\$45,204,037	\$41,189,032	\$4,015,005

\$3,999,560 of the remaining commitment amounts were encumbered at fiscal year end.

Payables in the amount of \$1,594,178 have been capitalized.

**Dover City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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***Encumbrances***

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to ensure 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:

<b>Governmental Funds:</b>	
General	\$789,140
Building	1,292,064
Classroom Facilities	3,908,216
Other Governmental Funds	<u>118,888</u>
Total Governmental Funds	<u><u>\$6,108,308</u></u>

**Note 24 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. The School District's investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that may be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District's future operating costs, revenues, and any recovery from emergency funding, either Federal or State, cannot be estimated.

**Dover City 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 Seven Fiscal Years (1) \**

	2020	2019	2018
School District's Proportion of the Net Pension Liability	0.07829240%	0.08379850%	0.08093980%
School District's Proportionate Share of the Net Pension Liability	\$4,684,372	\$4,799,295	\$4,835,974
School District's Covered Payroll	\$2,681,726	\$2,734,185	\$2,684,371
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	174.68%	175.53%	180.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%

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

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

See accompanying notes to the required supplementary information



2017	2016	2015	2014
0.08561370%	0.08499100%	0.08574500%	0.08574500%
\$6,266,133	\$4,849,669	\$4,339,506	\$5,098,980
\$2,673,671	\$2,931,222	\$2,814,957	\$3,074,299
234.36%	165.45%	154.16%	165.86%
62.98%	69.16%	71.70%	65.52%

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**Dover City 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 Four Fiscal Years (1) \**

	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.08019700%	0.08464280%	0.08221670%	0.08649030%
School District's Proportionate Share of the Net OPEB Liability	\$2,016,786	\$2,348,220	\$2,206,480	\$2,465,294
School District's Covered Payroll	\$2,681,726	\$2,734,185	\$2,684,371	\$2,673,671
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	75.20%	85.88%	82.20%	92.21%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%

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

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

See accompanying notes to the required supplementary information

**Dover City 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 Seven Fiscal Years (1) \**

	2020	2019	2018
School District's Proportion of the Net Pension Liability	0.11197346%	0.11392811%	0.11219644%
School District's Proportionate Share of the Net Pension Liability	\$24,762,258	\$25,050,233	\$26,652,505
School District's Covered Payroll	\$13,076,914	\$13,046,364	\$12,455,307
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	189.36%	192.01%	213.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.30%	75.30%

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

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

See accompanying notes to the required supplementary information

2017	2016	2015	2014
0.11295210%	0.11166560%	0.10982192%	0.10982192%
\$37,808,473	\$30,861,106	\$26,712,492	\$31,819,745
\$12,020,571	\$11,833,257	\$11,563,315	\$12,204,923
314.53%	260.80%	231.01%	260.71%
66.80%	72.10%	74.70%	69.30%

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

	2020	2019	2018	2017
School District's Proportion of the Net OPEB Asset/Liability	0.11197346%	0.11392811%	0.11219644%	0.11295210%
School District's Proportionate Share of the:				
Net OPEB Asset	\$1,854,549	\$1,830,709	\$0	\$0
Net OPEB Liability	0	0	4,377,491	6,040,708
School District's Covered Payroll	\$13,076,914	\$13,046,364	\$12,455,307	\$12,020,571
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	(14.18%)	(14.03%)	35.15%	50.25%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	176.00%	47.10%	37.30%

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

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

See accompanying notes to the required supplementary information

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

	2020	2019	2018	2017
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$378,936	\$362,033	\$369,115	\$375,812
Contributions in Relation to the Contractually Required Contribution	(378,936)	(362,033)	(369,115)	(375,812)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$2,706,686	\$2,681,726	\$2,734,185	\$2,684,371
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution (2)	\$52,224	\$54,050	\$57,751	\$45,187
Contributions in Relation to the Contractually Required Contribution	(52,224)	(54,050)	(57,751)	(45,187)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.93%</u>	<u>2.02%</u>	<u>2.11%</u>	<u>1.68%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.93%</u>	<u>15.52%</u>	<u>15.61%</u>	<u>15.68%</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



2016	2015	2014	2013	2012	2011
\$374,314	\$386,335	\$390,153	\$425,483	\$367,418	\$319,004
(374,314)	(386,335)	(390,153)	(425,483)	(367,418)	(319,004)
\$0	\$0	\$0	\$0	\$0	\$0
\$2,673,671	\$2,931,222	\$2,814,957	\$3,074,299	\$2,731,732	\$2,537,820
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%
\$42,607	\$65,226	\$42,503	\$36,901	\$15,025	\$36,291
(42,607)	(65,226)	(42,503)	(36,901)	(15,025)	(36,291)
\$0	\$0	\$0	\$0	\$0	\$0
1.59%	2.23%	1.51%	1.20%	0.55%	1.43%
15.59%	15.41%	15.37%	15.04%	14.00%	14.00%

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

	2020	2019	2018	2017
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$1,812,433	\$1,830,768	\$1,826,491	\$1,743,743
Contributions in Relation to the Contractually Required Contribution	<u>(1,812,433)</u>	<u>(1,830,768)</u>	<u>(1,826,491)</u>	<u>(1,743,743)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$12,945,950	\$13,076,914	\$13,046,364	\$12,455,307
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net OPEB Asset/Liability</b>				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

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

See accompanying notes to the required supplementary information

2016	2015	2014	2013	2012	2011
\$1,682,880	\$1,656,656	\$1,503,231	\$1,586,640	\$1,495,297	\$1,459,744
<u>(1,682,880)</u>	<u>(1,656,656)</u>	<u>(1,503,231)</u>	<u>(1,586,640)</u>	<u>(1,495,297)</u>	<u>(1,459,744)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$12,020,571	\$11,833,257	\$11,563,315	\$12,204,923	\$11,502,285	\$11,228,800
<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$0	\$0	\$115,633	\$122,049	\$115,023	\$112,288
<u>0</u>	<u>0</u>	<u>(115,633)</u>	<u>(122,049)</u>	<u>(115,023)</u>	<u>(112,288)</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>1.00%</u>	<u>1.00%</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>

**Dover City School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2020*

**Net Pension Liability**

**Changes in Assumptions – SERS**

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported 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 fiscal year 2016 and prior are presented as follows:

	<u>Beginning in Fiscal Year 2017</u>	<u>Fiscal Year 2016 and Prior</u>
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

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

**Changes in Assumptions – STRS**

Beginning with fiscal year 2018, 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 year 2017 and prior are presented as follows:

	<u>Beginning in Fiscal Year 2018</u>	<u>Fiscal Year 2017 and Prior</u>
Inflation	2.50 percent	2.75 percent
Projected Salary Increases	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	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	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 the RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

**Dover City School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2020*

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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 setback for age 90 and above. Females younger than age 80 are set back four years, one year setback from age 80 through 89, and no setback from age 90 and above.

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

**Changes in Assumptions – SERS**

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

Municipal Bond Index Rate:	
Fiscal Year 2020	3.13 percent
Fiscal Year 2019	3.62 percent
Fiscal Year 2018	3.56 percent
Fiscal Year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Fiscal Year 2020	3.22 percent
Fiscal Year 2019	3.70 percent
Fiscal Year 2018	3.63 percent
Fiscal Year 2017	2.98 percent

**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 percent.

**Changes in Benefit Terms – STRS**

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

**Dover City School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2020*

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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.

**DOVER CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

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

<b>FEDERAL GRANTOR Pass-Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	N/A	\$73,885
Cash Assistance:			
School Breakfast Program	10.553	N/A	94,568
National School Lunch Program	10.555	N/A	264,715
Cash Assistance Subtotal			<u>359,283</u>
Cash Assistance: COVID-19			
COVID-19 School Breakfast Program	10.553	N/A	61,376
COVID-19 National School Lunch Program	10.555	N/A	106,033
COVID-19 Cash Assistance Subtotal			<u>167,409</u>
Total Child Nutrition Cluster			<u>600,577</u>
Total U.S. Department of Agriculture			600,577
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through New Philadelphia City School District</i>			
Title I Grants to Local Educational Agencies	84.010	N/A	27,161
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	S010A180035 S010A190035	68,132 <u>270,359</u>
Total Title I Grants to Local Educational Agencies			365,652
Special Education Cluster (IDEA):			
Special Education - Grants to States (IDEA, Part B)	84.027	H027A180111 H027A190111	108,708 <u>471,657</u>
Total Special Education - Grants to States (IDEA, Part B)			580,365
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A180119 H173A190119 H173A190119	2,821 12,206 <u>2,862</u>
Total Special Education - Preschool Grants (IDEA Preschool)			<u>17,889</u>
Total Special Education Cluster (IDEA)			598,254
Twenty-First Century Community Learning Centers	84.287	S287C180035 S287C190035	8,051 <u>185,290</u>
Total Twenty-First Century Community Learning Centers			193,341
English Language Acquisition State Grants	84.365	S365A180035 S365A190035 S365A190035	9,362 32,515 <u>3,170</u>
Total English Language Acquisition State Grants			45,047
Supporting Effective Instruction State Grants	84.367	S367A180034 S367A190034	8,911 <u>55,831</u>
Total Supporting Effective Instruction State Grants			64,742
Student Support and Academic Enrichment (Title IV-A)	84.424	S424A180036 S424A190036	4,234 <u>21,018</u>
Total Student Support and Academic Enrichment (Title IV-A)			<u>25,252</u>
Total U.S. Department of Education			<u>\$1,292,288</u>
<b>Total Expenditures of Federal Awards</b>			<b><u><u>\$1,892,865</u></u></b>

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

**DOVER CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

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

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Dover City School District (the School District) under programs of the federal government for the year ended June 30, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the 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 fair value. The School District allocated donated food commodities to the program that benefitted from the use of those donated food commodities.

**NOTE F - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The School District transferred the following amounts from 2020 to 2021 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$48,646
Special Education - Grants to States (IDEA, Part B)	84.027	\$20,527
English Language Acquisition State Grants	84.365	\$5,678
Supporting Effective Instruction State Grant	84.367	\$2,212
Student Support and Academic Enrichment Program	84.424	\$1,058



# OHIO AUDITOR OF STATE KEITH FABER



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

Dover City School District  
Tuscarawas County  
228 West Sixth Street  
Dover, Ohio 44622

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Dover City School District, Tuscarawas County, Ohio (the School District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 18, 2021, wherein we noted there was a correction to the beginning capital assets balance causing a restatement to net position at July 1, 2019. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

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

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

March 18, 2021

# OHIO AUDITOR OF STATE KEITH FABER



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## 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

Dover City School District  
Tuscarawas County  
228 West Sixth Street  
Dover, Ohio 44622

To the Board of Education:

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

We have audited the Dover City School District's, Tuscarawas County, Ohio (the School District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Dover City School District's major federal program for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the School District's major federal program.

### ***Management's Responsibility***

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

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

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

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

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

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

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

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

March 18, 2021

**DOVER CITY SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

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

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Education Cluster (IDEA) CFDA #84.027 and 84.173
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	Yes

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

None

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

None

# OHIO AUDITOR OF STATE KEITH FABER



**DOVER CITY SCHOOL DISTRICT**

**TUSCARAWAS 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 3/30/2021**

88 East Broad Street, Columbus, Ohio 43215  
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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)