



**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2021

**OHIO AUDITOR OF STATE
KEITH FABER**



**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY
JUNE 30, 2021**

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ASHLAND COUNTY
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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Ashland City School District
Ashland County
1407 Claremont Ave
Ashland, Ohio 44805

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 Ashland City School District, Ashland County, Ohio (the School District), as of and for the year ended June 30, 2021 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, 2021, 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 Matters

As discussed in Note 3 to the financial statements, during 2021, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Additionally, as discussed in Note 20 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2022, 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

May 18, 2022

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**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)*

The discussion and analysis of the Ashland City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- In total, net position of governmental activities increased \$6,534,882 from fiscal year 2020.
- General revenues accounted for \$37,544,638 in revenue or 81.28 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$8,645,622 or 18.72 percent of total revenues of \$46,190,260.
- The School District had \$39,655,378 in expenses related to governmental activities; only \$8,645,622 of these expenses was offset by program specific charges for services, and grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$37,544,638 were adequate to provide for these programs.
- The General Fund had \$36,547,186 in revenues and other financing sources and \$33,739,774 in expenditures and other financing uses. During fiscal year 2021, the General Fund's fund balance increased \$2,807,412 from a balance of \$7,681,724 to \$10,489,136.
- Capital assets increased \$2,878,613 during fiscal year 2021 due to the commencement of capital projects.

Using this Annual Report

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

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column.

In the case of the Ashland City School District, the general, building, and permanent improvement funds are the most significant funds.

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ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)*

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole look at all financial transactions and asks the question, "How did we do financially during fiscal year 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The major funds financial statements begin on page 19. 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, permanent improvement fund and the building fund.

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

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Proprietary Fund the School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits.

Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements. The proprietary fund financial statements begin on page 24.

Reporting the School District's Fiduciary Responsibilities

The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in a custodial fund. The School District's fiduciary activities are reported in separate statement of changes in fiduciary net position on page 28. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 29 through 71 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School District's net pension liability and net OPEB liability. The required supplementary information can be found on pages 72 through 82 of this report.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)*

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2021 compared to 2020:

**Table 1
Net Position**

	Governmental Activities	
	2021	2020*
ASSETS		
Current and other assets	\$ 41,351,311	\$ 36,873,327
Capital assets, net	70,085,664	67,207,051
Total Assets	111,436,975	104,080,378
DEFERRED OUTFLOWS OF RESOURCES		
Deferral on Refunding	8,725	13,090
Pension	6,587,838	6,793,037
OPEB	870,600	710,399
Total Deferred Outflows of Resources	7,467,163	7,516,526
LIABILITIES		
Current and other liabilities	5,021,450	5,211,258
Long-term liabilities:		
Due within one year	1,050,784	1,060,454
Due in more than one year:		
Net Pension Liability	36,476,650	35,434,953
Net OPEB Liability	2,230,332	2,648,584
Other Amounts	27,572,560	27,646,624
Total Liabilities	72,351,776	72,001,873
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	14,993,510	14,545,338
Pension	2,336,312	2,710,262
OPEB	3,860,544	3,512,317
Total Deferred Inflows of Resources	21,190,366	20,767,917
NET POSITION		
Net Investment in Capital Assets	43,547,826	39,401,449
Restricted	6,364,264	7,614,403
Unrestricted	(24,550,094)	(28,188,738)
Total Net Position	\$ 25,361,996	\$ 18,827,114

* Restated

**ASHLAND CITY SCHOOL DISTRICT
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*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)*

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

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

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

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

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

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

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*MANAGEMENT'S DISCUSSION AND ANALYSIS
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(Unaudited)*

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the School District's assets and deferred outflows exceeded liabilities and deferred inflows by \$25,361,996. The changes in deferred outflows of resources, net pension liability, net OPEB liability, and deferred inflows of resources are attributed to the recording of GASB Statements No. 68 and 75 as previously discussed. Current assets increased by \$4,477,984 due to the increase in cash and cash equivalents and property taxes receivable.

At year-end, capital assets represented 62.89 percent of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. The School District's net investment in capital assets at June 30, 2021, was \$43,547,826. These capital assets are used to provide services to the 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 the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. A portion of the School District's net position, \$6,364,264, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$24,550,094. The recording of GASB Statement No. 68 and 75 requires the readers to perform additional calculations to determine the School District's total Net Position at June 30, 2021 without the recording of GASB Statement No. 68 and 75. This is an important exercise, as the State Pension Systems (SERS & STRS) collect, hold, invest, and distribute pensions to our employee, not the School District. These calculations are as follows:

Total Net Position including GASB 68 and GASB 75	\$ 25,361,996
Add:	
Net Pension Liability	36,476,650
Net OPEB Liability	2,230,332
Deferred Inflows - Pension	2,336,312
Deferred Inflows - OPEB	3,860,544
Less:	
Net OPEB Asset	(2,175,380)
Deferred Outflows - Pension	(6,587,838)
Deferred Outflows - OPEB	(870,600)
Total Net Position without GASB 68 and GASB 75	<u><u>60,632,016</u></u>

**ASHLAND CITY SCHOOL DISTRICT
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*MANAGEMENT'S DISCUSSION AND ANALYSIS
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(Unaudited)*

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2021 and 2020.

**Table 2
Changes in Net Position**

	Governmental Activities	
	2021	2020
REVENUES		
Program Revenues:		
Charges for services	\$ 1,722,960	\$ 2,022,733
Operating grants and contributions *	6,350,504	4,421,900
Capital grants and contributions	572,158	264,083
Total Program Revenues	8,645,622	6,708,716
General Revenues:		
Property taxes	22,940,474	18,097,845
Payments in lieu of taxes	27,494	33,522
Grants and entitlements, not restricted to specific programs *	14,227,946	14,241,090
Contributions and Donations, not restricted to specific programs	11,600	28,780
Gain on Sale of Capital assets	7,830	-
Investment income	64,731	350,604
Miscellaneous	264,563	55,772
Total General Revenues	37,544,638	32,807,613
Total Revenues	46,190,260	39,516,329
EXPENSES		
Program Expenses:		
Instruction:		
Regular	16,299,046	14,915,526
Special	5,542,561	5,180,253
Vocational	436,584	545,131
Other	1,012,217	857,309
Supporting Services:		
Pupils	2,171,517	2,176,940
Instructional Staff	2,410,720	1,962,327
Board of Education	100,915	146,370
Administration	2,604,442	2,565,438
Fiscal Services	747,364	899,539
Business	404,443	691,499
Operation and Maintenance of Plant	2,382,713	2,204,749
Pupil Transportation	1,254,826	1,265,206
Central	482,216	421,338
Operation of Non-Instructional Services:		
Food Service Operations	1,311,019	1,308,760
Community Services	220,373	214,726
Enterprise Operations	2,066	414
Other Operations	1,870	462
Extracurricular Activities	1,286,454	1,208,728
Interest and Fiscal Charges	984,032	985,406
Total Expenses	39,655,378	37,550,121
Change in Net Position	6,534,882	1,966,208
Net Position - Beginning of Year	18,827,114	16,389,962
Restatement	-	470,944
Net Position - End of Year	\$ 25,361,996	\$ 18,827,114

* Certain reclassifications were made for comparability

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)*

Net position of the School District's governmental activities increased \$6,534,882. Total governmental expenses of \$39,655,378 were offset by program revenues of \$8,645,622 and general revenues of \$37,544,638.

Program revenues supported 21.80 percent of the total governmental activities' expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements from the State of Ohio. These revenue sources represent 80.47 percent of total governmental revenue.

Total revenues increased by \$6,673,931 or 16.89 percent in fiscal year 2021, mostly due to the increase in property tax revenue and operating grants and contributions. Operating grants and contributions increased due to the increase in federal grant revenue. Property tax revenues increased due to the increased amount of delinquencies due to COVID-19 and a taxpayer not making a significant second half payment as of June 30th.

Total expenses increased by \$2,105,257 due to the District school buildings being closed for multiple weeks in fiscal year 2020, causing a reduction in salary expense, and District school buildings were open for all of fiscal year 2021.

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**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)*

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3
Governmental Activities**

	Governmental Activities			
	Total Cost of Services	Total Cost of Services	Net Cost of Services	Net Cost of Services
	2021	2020	2021	2020
Instruction:				
Regular	\$ 16,299,046	\$ 14,915,526	\$ 14,563,916	\$ 13,638,096
Special	5,542,561	5,180,253	2,839,687	3,974,787
Vocational	436,584	545,131	348,859	464,978
Other	1,012,217	857,309	1,005,612	856,831
Supporting Services:				
Pupils	2,171,517	2,176,940	1,432,709	1,966,659
Instructional Staff	2,410,720	1,962,327	1,740,162	1,619,518
Board of Education	100,915	146,370	100,915	146,370
Administration	2,604,442	2,565,438	2,415,380	2,422,553
Fiscal Services	747,364	899,539	747,364	899,539
Business	404,443	691,499	404,443	691,499
Operation and Maintenance of Plant	2,382,713	2,204,749	2,257,055	1,707,670
Pupil Transportation	1,254,826	1,265,206	1,165,700	1,163,027
Central	482,216	421,338	410,726	401,526
Operation of Non-Instructional Services:				
Food Service Operations	1,311,019	1,308,760	131,721	324,879
Community Services	220,373	214,726	17,803	(2,776)
Enterprise Operations	2,066	414	2,066	414
Other Operations	1,870	462	1,870	462
Extracurricular Activities	1,286,454	1,208,728	439,736	665,479
Interest and Fiscal Charges	984,032	985,406	984,032	985,406
Total Cost of Services	\$ 39,655,378	\$ 37,550,121	\$ 31,009,756	\$ 31,926,917

The dependence upon general revenues for governmental activities is apparent. Approximately 78 percent of governmental activities are supported through taxes and other general revenues; such revenues are 81 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

Governmental Funds

Information about the School District's major funds starts on page 19. These funds are accounted for using the modified accrual basis of accounting.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
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(Unaudited)*

The general fund's net change in fund balance for fiscal year 2021 was an increase of \$2,807,412. Increases in public utility property taxes and decreases in overall expenditures caused this increase.

The permanent improvement fund's net change in fund balance for fiscal year 2021 was an increase of \$1,717,083. The increase is mainly due to a transfer from the general fund of \$1,000,000.

The building fund's net change in fund balance for fiscal year 2021 was a decrease of \$1,880,714. The renovation to the high school was funded through this fund, and the project was substantially completed by the end of fiscal year 2021.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, actual revenue was \$1,333,768 higher than the final budget basis amounts of \$34,845,000. This was primarily caused by a property tax revenue.

For the general fund, actual expenditures were \$1,717,274 less than the final appropriations of \$36,424,747. This was primarily caused by not transferring \$1,000,000 out of the general fund that was originally forecasted.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the School District had \$70,085,664 invested in capital assets. Table 4 shows fiscal year 2021 balances compared with 2020.

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

	Governmental Activities	
	2021	2020
Land	\$ 2,804,234	\$ 2,804,234
Construction in Progress	234,299	10,291,706
Land Improvements	661,483	676,006
Buildings and Improvements	63,648,591	51,198,842
Furnitures, Fixtures and Equipment	1,899,028	1,459,649
Vehicles	838,029	776,614
<i>Totals</i>	\$ 70,085,664	\$ 67,207,051

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)*

The change in construction in progress and buildings and improvements was due to the completion of the High School renovation Phase I and II. See Note 9 for more information about the capital assets of the School District.

Debt

At June 30, 2021, the School District had \$25,707,660 in debt outstanding. See Note 13 for additional details. Table 5 summarizes debt outstanding.

**Table 5
Outstanding Debt at Year End**

	Governmental Activities	
	2021	2020
Energy Conservation Refunding Bond	\$ 895,000	\$ 1,180,000
School Improvement Bond- Serial & Term	24,575,000	24,935,000
School Improvement Bonds- Capital Appreciation	-	9,940
Accretion on Capital Appreciation Bonds	-	69,283
Bond Premium	695,038	724,222
Bond Discounts	(457,378)	(474,481)
<i>Total</i>	<u>\$ 25,707,660</u>	<u>\$ 26,443,964</u>

Current Issues

The School District's voters continue to renew a 9.9 mill operating levy and a 1.25 mill permanent improvement levy which are the only levies that the district has that are not "continuing". The operating levy which generates approximately 5.1 million dollars in property tax revenue per fiscal year, is due for renewal in 2021. The permanent improvement levy, which generates approximately \$575,000 per fiscal year in property tax revenue, is due for renewal in 2025. The levies are renewable every 5 years. The Board of Education and administration continue to closely monitor the revenue and expenditures in accordance with the School District's financial forecast. Management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years. Although the School District relies heavily on its property taxpayers to support its operations, community support remains quite strong.

In fiscal years 2019, 2020 and 2021, the Board of Education has approved the renovation of the High School, which includes adding HVAC, window replacement, renovation of the cafeteria area and completion of the science wing to include STEM classes. The final payments for the renovation will be made in fiscal year 2022.

In fiscal year 2020 and fiscal year 2021 biennium budget, the Governor implemented new restricted funds for the Student Wellness and Success, in which the School District received \$530,734 and \$701,847, respectively.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)*

In fiscal year 2020 the State of Ohio was in the first year of a biennium budget and had frozen the amount of general fund revenue a school district would receive. In March of 2020, the COVID 19 pandemic struck. The Governor ordered the closure of schools and businesses in order to reduce the exposure to the virus. The Governor reduced funding to all school districts, which reduced the state revenue from fiscal year 2019 levels to the Ashland City School District in fiscal year 2020 and fiscal year 2021 by approximately \$612,000 and \$276,000, respectively.

In response to the COVID 19 pandemic, the federal government released new sources of funding to keep school districts operating. Ashland City School District received funding through the Coronavirus Relief Fund and the Elementary and Secondary School Emergency Relief Fund (ESSER), which federal expenditures for these grants in fiscal year 2020 and 2021 totaled \$150,000 and \$833,737, respectively. The School District will continue to receive ESSER funding through fiscal year 2024.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Kyle Klingler, Treasurer of Ashland City School District, 1407 Claremont Avenue, Ashland, Ohio 44805.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF NET POSITION
JUNE 30, 2021*

	Governmental Activities
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 15,568,936
Taxes Receivable	22,675,572
Accounts Receivable	6,238
Accrued Interest Receivable	8,538
Intergovernmental Receivable	565,328
Prepaid Items	26,831
Restricted Assets:	
Investments in Segregated Accounts	324,488
Net OPEB Asset	2,175,380
Nondepreciable Capital Assets	3,038,533
Depreciable Capital Assets, Net	67,047,131
Total Assets	111,436,975
DEFERRED OUTFLOWS OF RESOURCES	
Deferral on Refunding	8,725
Pension	6,587,838
OPEB	870,600
Total Deferred Outflows of Resources	7,467,163
LIABILITIES	
Accounts Payable	248,837
Contracts Payable	539,717
Accrued Wages and Benefits	2,610,690
Intergovernmental Payable	545,195
Accrued Interest Payable	150,977
Matured Compensated Absences Payable	150,383
Retainage Payable	299,186
Claims Payable	476,465
Long-term Liabilities:	
Due within one year	1,050,784
Due in more than one year:	
Net Pension Liability	36,476,650
Net OPEB Liability	2,230,332
Other Amounts	27,572,560
Total Liabilities	72,351,776
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	14,993,510
Pension	2,336,312
OPEB	3,860,544
Total Deferred Inflows of Resources	21,190,366
NET POSITION	
Net Investment in Capital Assets	43,547,826
Restricted:	
Capital Projects	2,320,190
Debt Service	1,940,016
Classroom Facilities Maintenance	605,975
Locally Funded Programs	14,475
State Funded Programs	658,010
Federally Funded Programs	177,962
Student Activities	182,387
Other Purpose	465,249
Unrestricted	(24,550,094)
Total Net Position	\$ 25,361,996

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

	Expenses	Program Revenues			Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions			
Governmental activities:						
Instruction:						
Regular	\$ 16,299,046	\$ 1,333,359	\$ 401,771	\$ -	\$ (14,563,916)	
Special	5,542,561	136,885	2,565,989	-	(2,839,687)	
Vocational	436,584	-	87,725	-	(348,859)	
Other	1,012,217	-	6,605	-	(1,005,612)	
Supporting Services:						
Pupils	2,171,517	-	738,808	-	(1,432,709)	
Instructional Staff	2,410,720	-	670,558	-	(1,740,162)	
Board of Education	100,915	-	-	-	(100,915)	
Administration	2,604,442	-	189,062	-	(2,415,380)	
Fiscal Services	747,364	-	-	-	(747,364)	
Business	404,443	-	-	-	(404,443)	
Operation and Maintenance of Plant	2,382,713	12,760	112,898	-	(2,257,055)	
Pupil Transportation	1,254,826	266	88,860	-	(1,165,700)	
Central	482,216	-	71,490	-	(410,726)	
Operation of Non-Instructional Services:						
Food Service Operations	1,311,019	31,650	1,147,648	-	(131,721)	
Community Services	220,373	-	202,570	-	(17,803)	
Enterprise Operations	2,066	-	-	-	(2,066)	
Other Operations	1,870	-	-	-	(1,870)	
Extracurricular Activities	1,286,454	208,040	66,520	572,158	(439,736)	
Interest and Fiscal Charges	984,032	-	-	-	(984,032)	
Total Governmental activities	\$ 39,655,378	\$ 1,722,960	\$ 6,350,504	\$ 572,158	(31,009,756)	

General Revenues:

Property Taxes levied for:	
General Purposes	20,781,460
Debt Service	1,321,274
Capital Outlay	730,754
Classroom Facilities and Maintenance	106,986
Payments in Lieu of Taxes	27,494
Grants & Entitlements not restricted to specific programs	14,227,946
Contributions and Donations not restricted to specific programs	11,600
Investment Income	64,731
Gain on Sale of Capital Assets	7,830
Miscellaneous	264,563
Total General Revenues	<u>37,544,638</u>
Change in Net Position	6,534,882
Net Position - Beginning of Year, restated	18,827,114
Net Position - End of Year	<u><u>\$ 25,361,996</u></u>

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021*

	General	Permanent Improvement	Building	Other Governmental Funds	Total Governmental Funds
ASSETS					
Equity in Pooled Cash and Cash Equivalents	\$ 6,026,705	\$ 2,641,481	\$ 1,434,737	\$ 3,495,710	\$ 13,598,633
Accrued Interest Receivable	8,538	-	-	-	8,538
Accounts Receivable	6,238	-	-	-	6,238
Interfund Receivable	2,309,076	-	-	-	2,309,076
Intergovernmental Receivable	28,166	-	-	537,162	565,328
Prepaid Items	26,065	-	-	766	26,831
Restricted Assets:					
Investments in Segregated Accounts	-	-	-	324,488	324,488
Taxes Receivable	20,440,689	742,450	-	1,492,433	22,675,572
Total Assets	\$ 28,845,477	\$ 3,383,931	\$ 1,434,737	\$ 5,850,559	\$ 39,514,704
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 141,875	\$ 13,243	\$ -	\$ 93,719	\$ 248,837
Contracts Payable	58,703	76,934	374,728	29,352	539,717
Accrued Wages and Benefits	2,323,601	-	-	287,089	2,610,690
Intergovernmental Payable	484,837	-	-	60,358	545,195
Matured Compensated Absences Payable	150,383	-	-	-	150,383
Retainage Payable	9,600	-	289,586	-	299,186
Interfund Payable	-	2,000,000	-	309,076	2,309,076
Total Liabilities	3,168,999	2,090,177	664,314	779,594	6,703,084
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	13,523,054	485,235	-	985,221	14,993,510
Unavailable Revenue-Delinquent Property Taxes	1,656,831	61,605	-	121,481	1,839,917
Unavailable Revenue - Grants	-	-	-	120,607	120,607
Unavailable Revenue-Other	7,457	-	-	-	7,457
Total Deferred Inflows of Resources	15,187,342	546,840	-	1,227,309	16,961,491
FUND BALANCES					
Nonspendable	46,405	-	-	325,254	371,659
Restricted	-	746,914	770,423	3,678,651	5,195,988
Assigned	1,526,153	-	-	-	1,526,153
Unassigned (Deficits)	8,916,578	-	-	(160,249)	8,756,329
Total Fund Balances	10,489,136	746,914	770,423	3,843,656	15,850,129
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 28,845,477	\$ 3,383,931	\$ 1,434,737	\$ 5,850,559	\$ 39,514,704

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2021*

Total Governmental Fund Balances		\$ 15,850,129
<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		70,085,664
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable revenue in the funds:		
Delinquent Property Taxes	\$ 1,839,917	
Intergovernmental	<u>128,064</u>	
Total		1,967,981
Internal Service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of the District Internal Service funds are included in Governmental Activities in the Statement of Net Position.		1,493,838
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		(150,977)
In the statement of activities, a gain/loss on refunding is amortized over the term of the bonds, whereas in governmental funds a refunding gain/loss is reported when bonds are issued.		8,725
The net pension liability and net OPEB liability are not due and payable in the current period, and the net OPEB asset is not available for spending in the current period; therefore, the asset and liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	6,587,838	
Deferred Inflows - Pension	(2,336,312)	
Net Pension Liability	(36,476,650)	
Net OPEB Asset	2,175,380	
Deferred Outflows - OPEB	870,600	
Deferred Inflows - OPEB	(3,860,544)	
Net OPEB Liability	<u>(2,230,332)</u>	
Total		(35,270,020)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(25,470,000)	
Bond Premium	(695,038)	
Bond Discount	457,378	
Compensated Absences	<u>(2,915,684)</u>	
Total		<u>(28,623,344)</u>
Net Position of Governmental Activities		<u><u>\$ 25,361,996</u></u>

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

	General	Permanent Improvement	Building	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 19,367,778	\$ 678,123	\$ -	\$ 1,325,204	\$ 21,371,105
Intergovernmental	15,323,400	84,155	-	5,026,081	20,433,636
Interest	(15,466)	12,918	22,323	44,956	64,731
Tuition	1,443,169	-	-	-	1,443,169
Extracurricular Activities	85,403	-	-	122,637	208,040
Rentals	12,760	-	-	-	12,760
Charges for Services	-	-	-	31,650	31,650
Contributions and Donations	11,600	243,633	328,525	86,968	670,726
Transportation Fees	266	-	-	-	266
Classroom Materials and Fees	27,075	-	-	-	27,075
Payments in Lieu of Taxes	27,494	-	-	-	27,494
Miscellaneous	255,294	-	-	9,269	264,563
Total Revenues	<u>36,538,773</u>	<u>1,018,829</u>	<u>350,848</u>	<u>6,646,765</u>	<u>44,555,215</u>
EXPENDITURES					
Current:					
Instruction:					
Regular	14,755,356	14,603	-	257,786	15,027,745
Special	4,052,952	-	-	1,270,145	5,323,097
Vocational	384,693	2,512	-	8,606	395,811
Other	992,572	-	-	19,140	1,011,712
Supporting Services:					
Pupils	1,756,930	-	-	356,949	2,113,879
Instructional Staff	1,253,436	1,645	-	738,279	1,993,360
Board of Education	100,880	-	-	-	100,880
Administration	2,295,248	-	-	151,530	2,446,778
Fiscal Services	747,258	8,982	-	24,991	781,231
Business	384,583	-	-	1,000	385,583
Operation and Maintenance of Plant	1,999,742	75,956	1,478	186,738	2,263,914
Pupil Transportation	955,128	54,705	-	104,900	1,114,733
Central	374,273	-	-	98,098	472,371
Operation of Non-Instructional Services:					
Food Service Operations	2,494	-	-	1,139,143	1,141,637
Community Services	1,150	-	-	211,504	212,654
Enterprise Operations	87	-	-	1,979	2,066
Other Non-Instructional Services	215	-	-	-	215
Extracurricular Activities	832,304	10,124	-	247,711	1,090,139
Capital Outlay	548,104	143,219	3,230,084	29,352	3,950,759
Debt Service:					
Principal Retirement	285,000	-	-	520,000	805,000
Interest and Fiscal Charges	17,369	-	-	896,156	913,525
Total Expenditures	<u>31,739,774</u>	<u>311,746</u>	<u>3,231,562</u>	<u>6,264,007</u>	<u>41,547,089</u>
Excess of Revenues Over (Under) Expenditures	<u>4,798,999</u>	<u>707,083</u>	<u>(2,880,714)</u>	<u>382,758</u>	<u>3,008,126</u>
OTHER FINANCING SOURCES					
Sale of Capital Assets	8,413	10,000	-	-	18,413
Transfers In	-	1,000,000	1,000,000	-	2,000,000
Transfers Out	(2,000,000)	-	-	-	(2,000,000)
Total Other Financing Sources	<u>(1,991,587)</u>	<u>1,010,000</u>	<u>1,000,000</u>	<u>-</u>	<u>18,413</u>
Net Change in Fund Balances	2,807,412	1,717,083	(1,880,714)	382,758	3,026,539
Fund Balances - Beginning of Year, Restated	7,681,724	(970,169)	2,651,137	3,460,898	12,823,590
Fund Balances - End of Year	<u>\$ 10,489,136</u>	<u>\$ 746,914</u>	<u>\$ 770,423</u>	<u>\$ 3,843,656</u>	<u>\$ 15,850,129</u>

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

Net Change in Fund Balances-Total Governmental Funds \$ 3,026,539

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	\$ 4,021,684	
Depreciation	(1,132,488)	
Total		2,889,196

In the Statement of Activities, only the loss on the disposal of capital assets is reported, whereas, in the Governmental Funds, the proceeds from the disposals increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets. (10,583)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Delinquent Property Taxes	1,569,369	
Intergovernmental	57,846	
Total		1,627,215

Repayment of bond principal are expenditures in the Governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position. 654,940

Amortization of gain/loss on refunding bonds are not reported in the fund but are allocated as an expense over the life of the debt in the statement of activities (4,365)

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

Pension		2,834,275
OPEB		63,756

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

Pension		(3,707,221)
OPEB		149,260

In the Statement of Activities, interest is accrued on outstanding bonds, and bond premium and discount are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.

Accrued Interest Payable	2,554	
Amortization of Premium on Bonds	29,184	
Amortization of Discount on Bonds	(17,103)	
Total		14,635

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental funds.

Compensated Absences	(652,570)	
Bond Accretion	69,283	
Total		(583,287)

Internal Service funds are used by management to charge costs to certain activities, such as insurance to individual funds. The net revenue (expense) of the Internal Service fund are reported in the Governmental Activities. (419,478)

Change in Net Position of Governmental Activities \$ 6,534,882

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Property Taxes	\$ 17,779,000	\$ 17,779,000	\$ 18,979,176	\$ 1,200,176
Intergovernmental	15,262,236	15,262,236	15,325,502	63,266
Interest	90,000	90,000	71,931	(18,069)
Tuition	1,341,742	1,341,742	1,443,169	101,427
Extracurricular Activities	58,400	58,400	63,698	5,298
Rentals	26,500	26,500	12,760	(13,740)
Contributions and Donations	7,100	7,100	6,663	(437)
Transportation Fees	8,000	8,000	266	(7,734)
Payments in Lieu of Taxes	33,522	33,522	27,494	(6,028)
Miscellaneous	30,000	30,000	35,019	5,019
Total Revenues	<u>34,636,500</u>	<u>34,636,500</u>	<u>35,965,678</u>	<u>1,329,178</u>
Expenditures				
Current:				
Instruction				
Regular	14,570,286	14,570,286	14,596,621	(26,335)
Special	4,190,549	4,190,549	4,130,856	59,693
Vocational	450,988	450,988	411,800	39,188
Other	875,196	875,196	992,113	(116,917)
Supporting Services				
Pupils	2,152,016	2,152,016	1,992,162	159,854
Instructional Staff	1,491,261	1,491,261	1,310,041	181,220
Board of Education	130,640	130,640	141,827	(11,187)
Administration	2,189,811	2,189,811	2,294,791	(104,980)
Fiscal Services	856,748	856,748	768,227	88,521
Business	548,298	548,298	554,861	(6,563)
Operation and Maintenance of Plant	2,246,049	2,246,049	2,136,221	109,828
Pupil Transportation	1,091,851	1,091,851	1,067,287	24,564
Central	431,579	431,579	12,145	419,434
Operation of Non-Instructional Services				
Community Services	3,768	3,768	475	3,293
Food Services Operations	52,463	52,463	7,356	45,107
Enterprise Operations	866	866	-	866
Other Operations	-	-	375,899	(375,899)
Extracurricular Activities	858,654	858,654	832,071	26,583
Capital Outlay	998,724	998,724	797,720	201,004
Debt Service:				
Principal	285,000	285,000	285,000	-
Total Expenditures	<u>33,424,747</u>	<u>33,424,747</u>	<u>32,707,473</u>	<u>717,274</u>
Excess of Revenues Over (Under) Expenditures	<u>1,211,753</u>	<u>1,211,753</u>	<u>3,258,205</u>	<u>2,046,452</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	8,500	8,500	8,413	(87)
Refund of Prior Year Expenditures	200,000	200,000	204,677	4,677
Transfers Out	(3,000,000)	(3,000,000)	(2,000,000)	1,000,000
Total Other Financings Sources (Uses)	<u>(2,791,500)</u>	<u>(2,791,500)</u>	<u>(1,786,910)</u>	<u>1,004,590</u>
Net Change in Fund Balance	(1,579,747)	(1,579,747)	1,471,295	3,051,042
Fund Balance - Beginning of Year	1,783,731	1,783,731	1,783,731	-
Prior Year Encumbrances Appropriated	1,638,690	1,638,690	1,638,690	-
Fund Balance - End of Year	<u>\$ 1,842,674</u>	<u>\$ 1,842,674</u>	<u>\$ 4,893,716</u>	<u>\$ 3,051,042</u>

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2021*

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets:	
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 1,970,303
Total Assets	<u>1,970,303</u>
LIABILITIES	
Current Liabilities:	
Claims Payable	<u>476,465</u>
Total Liabilities	<u>476,465</u>
NET POSITION	
Unrestricted	<u>1,493,838</u>
Total Net Position	<u>\$ 1,493,838</u>

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

	<u>Governmental Activities - Internal Service Fund</u>
OPERATING REVENUES	
Charges for Services	\$ 4,214,262
Miscellaneous	84,661
Total Operating Revenues	<u>4,298,923</u>
OPERATING EXPENSES	
Purchased Services	652,191
Claims	4,053,640
Other	14,789
Total Operating Expenses	<u>4,720,620</u>
Operating (Loss)	<u>(421,697)</u>
NONOPERATING REVENUES	
Interest	2,219
Total Nonoperating Revenues	<u>2,219</u>
Change in Net Position	(419,478)
Net Position - Beginning of Year	<u>1,913,316</u>
Net Position - End of Year	<u>\$ 1,493,838</u>

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

	<u>Governmental Activities - Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 4,214,262
Other Cash Receipts	84,661
Cash Payments for Goods and Services	(652,191)
Cash Payments for Claims	(3,815,720)
Cash Payments for Other Expenses	(14,789)
Net Cash Used in Operating Activities	<u>(183,777)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	<u>2,219</u>
Net Cash Provided by Investing Activities	<u>2,219</u>
Net Decrease in Cash and Cash Equivalents	(181,558)
Cash and Cash Equivalents - Beginning of Year	<u>2,151,861</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 1,970,303</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED USED IN OPERATING ACTIVITIES	
Operating (Loss)	\$ (421,697)
Adjustments:	
Increase in Liabilities:	
Claims Payable	<u>237,920</u>
Net Cash Used In Operating Activities	<u><u>\$ (183,777)</u></u>

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2021*

	<u>Custodial Fund</u>
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 10,810
Total Assets	<u>10,810</u>
LIABILITIES	
Due to External Parties	10,810
Total Liabilities	<u>10,810</u>
NET POSITION	
Restricted For:	
Individuals, Organizations, and Other Governments	-
Total Net Position	<u>\$ -</u>

See accompany notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

	Custodial Fund
ADDITIONS	
Collections for Other Organizations	16,245
Total Additions	<u>16,245</u>
DEDUCTIONS	
Distributions to Other Organizations	16,245
Total Deductions	<u>16,245</u>
Net Increase (Decrease) in Fiduciary Net Position	-
Net Position - Beginning of Year, Restated	-
Net Position - End of Year	<u><u>\$ -</u></u>

See accompany notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

Note 1 - Description of the School District and Reporting Entity

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

The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District’s six instructional/support facilities.

Reporting Entity

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

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

The School District is associated with the Tri-County Computer Service Association (TCCSA), which is defined as a jointly governed organization. A jointly governed organization is governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding this organization is presented in Note 14.

The Ashland Public Library (the “Library”) is a related organization to the School District. The school board 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 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. The Library did not receive any funding from the School District during fiscal year 2021.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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 also eliminated to avoid "doubling up" revenues and expenses.

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

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

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

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

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

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

Permanent Improvement Fund The permanent improvement fund accounts for resources received from property taxes and donations to be used for the acquisition, construction, or improvement of capital facilities.

Building Fund The Building fund accounts for capital building projects restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities.

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

Proprietary Funds Proprietary funds focus on the determination of changes in net position, financial position and cash flows and are classified as either enterprise or internal service. 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 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 custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's only custodial fund accounts for athletic tournaments.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its internal service fund activity.

Custodial funds do not report a measurement focus as they do not report operations.

Basis of Accounting

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

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of the fiscal year-end. Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, payments in lieu of taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes and payments in lieu of taxes are recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

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

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

Deferred Inflows of Resources and Deferred Outflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Note 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue may include delinquent property taxes, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Note 11 and 12).

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

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

Budgetary Process

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Budgetary modifications at this level require a resolution of the Board of Education. The Treasurer has been given the authority to allocate Board appropriations to the function and object levels within each fund.

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

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

Cash and Investments

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements.

During fiscal year 2021, School District's investments were limited to STAR Ohio, negotiable certificates of deposit, commercial paper, U.S. Government Agency Notes, and money market mutual funds.

In previous fiscal years, the School District received donated stocks, which are reported as "Investments in Segregated Accounts." The stocks are carried at fair value and are not to be sold. The dividends are used for expenditures of this fund.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

During fiscal year 2021, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

For the fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Investment earnings (including fair market value adjustments for investments) credited to the general fund during fiscal year 2021 amounted to a deficit of \$15,466. The deficit was caused by the fair market value adjustments.

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021, 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 in the fund financial statements.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	5-20 years
Buildings and Improvements	20-40 years
Furnitures, Fixtures and Equipment	15-20 years
Vehicles	8 years

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

Interfund Balances

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

Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee’s wage rates at fiscal year-end, taking into consideration any limits specified in the School District’s termination policy.

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

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

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related 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. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

Net Position

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

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

Fund Balance

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

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

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

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

Interfund Activity

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

Operating Revenues and Expenses

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

Extraordinary and Special Items

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

Estimates

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

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

Note 3 – Change in Accounting Principles and Restatement of Fund Balance/Net Position

During the fiscal year, the School District implemented the following Governmental Accounting Standards Board (GASB) Statements:

GASB Implementation Guide No. 2019-1 Update and Implementation Guide No. 2019-2 Fiduciary Activities. These changes were incorporated in the School District’s 2021 financial statements; however, there was no effect on the beginning net position/fund balance.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The implementation of this Statement did not have an effect on the financial statements of the School District.

GASB Statement No. 84, *Fiduciary Activities*. This Statement established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. The School District reviewed its fiduciary funds and certain funds will be reported in the new fiduciary fund classification of custodial funds while other funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of beginning net position for custodial funds, in the amount of \$0.

The implementation of GASB Statement No. 84 had the following effect on Governmental fund balance/net position.

	Governmental Activities
Net Position June 30, 2020	\$ 18,356,170
Adjustments:	
GASB Statement No. 84	470,944
Restated Net Position June 30, 2020	\$ 18,827,114

	General Fund	Permanent Improvement	Building	Other Governmental	Total
Fund Balance June 30, 2020	\$ 7,681,507	\$ (970,169)	\$ 2,651,137	\$ 2,990,171	\$ 12,352,646
Adjustments:					
GASB Statement No. 84	217	-	-	470,727	470,944
Restated Fund Balance June 30, 2020	\$ 7,681,724	\$ (970,169)	\$ 2,651,137	\$ 3,460,898	\$ 12,823,590

**ASHLAND CITY SCHOOL DISTRICT
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*NOTES TO THE BASIC FINANCIAL STATEMENTS
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Note 4 - Accountability

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

<i>Non-major Special Revenue Funds</i>	
Food Service	92,974
Title I	46,752
Tilte II-A	13,395
Miscellaneous Federal Grants	4,892
ESSER	1,470

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

Note 5 - Budgetary Basis of Accounting

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

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

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

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Net Change in Fund Balance	
GAAP Basis	\$ 2,807,412
Net Adjustment for Revenue Accruals	(510,018)
Net Adjustment for Expenditure Accruals	159,699
Net Adjustment for Other Financing Sources	204,677
Funds with Separate Legally Adopted Budgets	(14,800)
Adjustment for Encumbrances	(1,175,675)
Budget Basis	\$ 1,471,295

As part of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes faculty lounge, uniform school supplies, adult education, rotary, public school support and unclaimed monies funds.

Note 6 - Deposits and Investments

State statute classifies monies held by the School District into three categories.

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Deposits with Financial Institutions

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. Protection of the School District's cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC), as well as qualified securities pledged by the institution holding the assets. Ohio law requires that deposits either be insured or protected by:

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

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

At fiscal year-end, the carrying amount of the School District's deposits was \$2,941,046 which includes \$74 of cash on hand. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2021, \$1,955,606 of the District's bank balance of \$3,047,562 was covered by Federal Depository Insurance and \$776,299 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name, and \$315,657 was uninsured and uncollateralized. The District's financial institution was approved for a reduced collateral rate of fifty percent through the Ohio Pooled Collateral System, resulting in the uninsured and uncollateralized balance.

Investments

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

Investment Type	Measurement Value	S&P Global Ratings	Level Input	Investment Maturities (in Years)	
				<1	1-3
STAR Ohio	\$ 6,654,916	AAAam	N/A	\$ 6,654,916	\$ -
U.S Government Agency Note	1,097,498	A-1+	2	-	1,097,498
Certificates of Deposit	2,265,799	N/A	2	751,494	1,514,305
Commercial Paper	2,612,897	A-1/A-1+	2	2,612,897	-
Money Market Funds	7,590	N/A	2	7,590	-
Total Investments	<u>\$ 12,638,700</u>			<u>\$ 10,026,897</u>	<u>\$ 2,611,803</u>

All investments are in an internal investment pool. STAR Ohio is measured at net asset value (NAV) per share while all other investments are measured at fair value. 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 School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs). The table above identifies the School District's recurring fair value measurement as of June 30, 2021. As previously discussed, Star Ohio is reported at its net asset value.

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

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Credit Risk The School District’s investments at June 30, 2021 are rated as shown above by S&P Global Ratings. STAR Ohio carries a rating of AAAM, U.S Governmental Agency Notes carry a rating of A-1+, and Commercial Paper carries rating of A-1/A-1+ by Standard & Poor’s. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee. The School District’s investment in negotiable certificates of deposit was fully insured by Federal depository insurance.

Concentration of Credit Risk. The School District places no limit on the amount that may be invested in any one issuer. The table above includes the percentage to total of each investment type held by non-endowment funds of the School District at June 30, 2021:

Investment Type	Measurement Value	Percent of Total
STAR Ohio	\$ 6,654,916	52.66%
U.S Government Agency Note	1,097,498	8.68%
Certificates of Deposit	2,265,799	17.93%
Commercial Paper	2,612,897	20.67%
Money Market Funds	7,590	0.06%
Total Investments	\$ 12,638,700	100.00%

Investments – Segregated Accounts

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

Investment Type	Measurement Amount	Percent of Total
Stocks:		
AT&T	82,426	25.40%
AT&T	19,254	5.93%
AT&T	37,241	11.48%
Lumen Technologies (CenturyLink)	1,305	0.40%
ComCast	17,106	5.27%
ComCast	68,196	21.02%
Exelon Corp.	8,862	2.73%
NCR Corp.	4,692	1.45%
Teradata Corp.	5,141	1.58%
Verizon	63,034	19.43%
Verizon	10,534	3.25%
Vodafone/AST	6,697	2.06%
Total	\$ 324,488	100%

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These investments were donated in a prior year and the principal amount is nonspendable.

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District.

Real property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date.

Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2019, were levied after April 1, 2020 and are collected in 2021 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Ashland and Richland Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available as an advance at June 30, 2021 in the general, bond retirement, permanent improvement and classroom facilities maintenance funds were \$5,260,804, \$360,281, \$195,610, and \$25,450, respectively. The amount available as an advance at June 30, 2020 in the general, bond retirement, permanent improvement and classroom facilities maintenance funds were \$4,872,202, \$344,865, \$179,822, and \$24,317, respectively. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2021 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

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The assessed values upon which the fiscal year 2021 taxes were collected are:

	2020 Second- Half Collections		2021 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 477,718,310	83.15%	\$ 530,255,220	84.83%
Public Utility Personal	96,787,990	16.85%	94,809,520	15.17%
Total Assessed Values	\$ 574,506,300	100.00%	\$ 625,064,740	100.00%
Tax rate per \$1,000 of assessed valuation	\$ 65.15		\$ 65.00	

Note 8 - Receivables

Receivables at June 30, 2021, consisted of taxes, accounts, interfund 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 property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

Note 9 - Capital Assets

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

	Balance 6/30/2020	Additions	Deletions	Balance 6/30/2021
<u>Governmental Activities</u>				
Capital Assets, not being depreciated:				
Land	\$ 2,804,234	\$ -	\$ -	\$ 2,804,234
Construction in Progress	10,291,706	3,292,668	(13,350,075)	234,299
Total Capital Assets, not being depreciated	<u>13,095,940</u>	<u>3,292,668</u>	<u>(13,350,075)</u>	<u>3,038,533</u>
Capital Assets, being depreciated:				
Land Improvements	3,478,444	13,823	(6,824)	3,485,443
Buildings and Improvements	61,833,717	13,350,075	-	75,183,792
Furniture, Fixtures and Equipment	5,456,586	615,216	(46,466)	6,025,336
Vehicles	1,973,615	99,977	(16,900)	2,056,692
Total Capital Assets, being depreciated	<u>72,742,362</u>	<u>14,079,091</u>	<u>(70,190)</u>	<u>86,751,263</u>
Less Accumulated Depreciation:				
Land Improvements	(2,802,438)	(21,522)	-	(2,823,960)
Buildings and Improvements	(10,634,875)	(900,326)	-	(11,535,201)
Furniture, Fixtures and Equipment	(3,996,937)	(173,768)	44,397	(4,126,308)
Vehicles	(1,197,001)	(36,872)	15,210	(1,218,663)
Total Accumulated Depreciation	<u>(18,631,251)</u>	<u>(1,132,488)</u>	<u>59,607</u>	<u>(19,704,132)</u>
Total Capital Assets being depreciated, Net	<u>54,111,111</u>	<u>12,946,603</u>	<u>(10,583)</u>	<u>67,047,131</u>
Governmental Activities Capital Assets, Net	<u>\$ 67,207,051</u>	<u>\$ 16,239,271</u>	<u>\$ (13,360,658)</u>	<u>\$ 70,085,664</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 214,908
Special	2,513
Vocational	1,722
Support Services:	
Pupil	2,556
Instructional Staff	331,300
Administration	1,901
Fiscal Services	1,228
Operation and Maintenance of Plant	76,179
Pupil Transportation	190,587
Central	4,481
Operation of Non-Instructional Services	
Food Service	136,854
Extracurricular Activities	168,259
Total Depreciation Expense	<u>\$ 1,132,488</u>

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Note 10 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance in the past three years nor has insurance coverage been significantly reduced in the current year.

The School District uses an internal service fund to record and report its self-funded health care insurance program. The claims liability of \$476,465 reported in the fund at year end, was estimated by third party administrators and is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The School District purchases stop-loss coverage of \$100,000 per employee.

Changes in fund's claims liability for the fiscal years 2021 and 2020 are as follows:

	<u>Balance Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance End of Year</u>
2020	\$ 463,768	\$ 4,025,861	\$ 4,251,084	\$ 238,545
2021	\$ 238,545	\$ 4,053,640	\$ 3,815,720	\$ 476,465

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

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Note 11 - Defined Benefit Pension Plans

Net Pension Liability

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description –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, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information, and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

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Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. 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% and with a floor of 0.0%.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was the entire 14 percent.

The School District’s contractually required contribution to SERS was \$461,942 for fiscal year 2021. Of this amount \$27,768 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description –School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing, multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

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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 will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service.

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.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 13.0 of the 14.0 percent member rates goes to the DC Plan and the remaining 2.0 percent goes to the DB plan. Member contributions to the DC plan are allocated among investment choices by the member, and contributions to the DB plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2021, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

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The School District's contractually required contributions to STRS were \$2,372,333 for fiscal year 2021. Of this amount \$488,450 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Prior Measurement Date	0.1029405%	0.13238363%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.0986813%</u>	<u>0.12377713%</u>	
Change in Proportionate Share	<u>-0.0042592%</u>	<u>-0.0086065%</u>	
Proportionate Share of the Net Pension			
Liability	\$6,526,989	\$29,949,661	\$ 36,476,650
Pension Expense	\$575,806	\$3,131,415	\$3,707,221

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 12,678	\$ 67,201	\$ 79,879
Changes of assumptions	-	1,607,720	1,607,720
Net difference between projected and actual earnings on pension plan investments	414,335	1,456,456	1,870,791
Changes in proportion and differences between contributions and proportionate share of contributions	-	195,173	195,173
School District contributions subsequent to the measurement date	<u>461,942</u>	<u>2,372,333</u>	<u>2,834,275</u>
Total Deferred Outflows of Resources	<u>\$ 888,955</u>	<u>\$ 5,698,883</u>	<u>\$ 6,587,838</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ -	\$ 191,508	\$ 191,508
Changes in proportion and differences between contributions and proportionate share of contributions	<u>207,393</u>	<u>1,937,411</u>	<u>2,144,804</u>
Total Deferred Inflows of Resources	<u>\$ 207,393</u>	<u>\$ 2,128,919</u>	<u>\$ 2,336,312</u>

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\$2,834,275 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 year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$ (149,693)	\$ 643,498	\$ 493,805
2023	66,887	(65,340)	1,547
2024	302,426	321,278	623,704
2025	-	298,195	298,195
Total	\$ 219,620	\$ 1,197,631	\$ 1,417,251

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, 2020, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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

The most recent experience study was completed June 30, 2015.

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

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

Discount Rate The 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 earning 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 table on the next page presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

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	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$8,941,178	\$6,526,989	\$4,501,439

Changes since measurement date The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of SERS, including the fair value of SERS' investment portfolio. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that may be recognized in subsequent periods cannot be determined with half of the fiscal year remaining. In addition, the impact on SERS' future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

At its September meeting 2020, the Board unanimously voted to approve a 0.5% cost-of-living adjustment (COLA) increase for eligible retirees and beneficiaries in 2021. Previously, COLAs were suspended from 2018 through 2020.

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation:

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	0.0 percent

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

Actuarial assumptions used in the July 1, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

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

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

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 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:

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
School District's proportionate share of the net pension liability	\$ 42,643,104	\$ 29,949,661	\$ 19,193,026

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Note 12 – Defined Benefit OPEB Plans

The net OPEB liability and net OPEB asset reported on the statement of net position represent a liability or asset to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability and net OPEB asset. Resulting adjustments to the net OPEB liability and net OPEB asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS’ Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS’ health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS’ health care coverage.

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Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, there was no contribution made to health care. A health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 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.

The surcharge is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$63,756 for fiscal year 2021. The full amount 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, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

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OPEB Liabilities, OPEB asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and net OPEB asset were measured as of June 30, 2020, and the total OPEB liability and net OPEB asset used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability and net OPEB asset were based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.1053203%	0.1323836%	
Proportion of the Net OPEB Liability/(Asset)			
Current Measurement Date	<u>0.1026229%</u>	<u>0.1237771%</u>	
Change in Proportionate Share	<u>-0.0026974%</u>	<u>-0.0086065%</u>	
Proportionate Share of the Net			
OPEB Liability/(Asset)	\$ 2,230,332	\$ (2,175,380)	\$ 54,952
OPEB Expense	\$ (36,497)	\$ (112,763)	\$ (149,260)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 29,294	\$ 139,390	\$ 168,684
Changes of assumptions	380,194	35,909	416,103
Net difference between projected and actual earnings on OPEB plan investments	25,130	76,240	101,370
Changes in proportion and differences between contributions and proportionate share of contributions	44,686	76,001	120,687
School District contributions subsequent to the measurement date	<u>63,756</u>	<u>-</u>	<u>63,756</u>
Total Deferred Outflows of Resources	<u>\$ 543,060</u>	<u>\$ 327,540</u>	<u>\$ 870,600</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 1,134,280	\$ 433,306	\$ 1,567,586
Changes of assumptions	56,177	2,066,252	2,122,429
Changes in proportion and differences between contributions and proportionate share of contributions	<u>127,267</u>	<u>43,262</u>	<u>170,529</u>
Total Deferred Inflows of Resources	<u>\$ 1,317,724</u>	<u>\$ 2,542,820</u>	<u>\$ 3,860,544</u>

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\$63,756 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2022	\$ (165,274)	\$ (545,167)	\$ (710,441)
2023	(163,456)	(493,560)	(657,016)
2024	(188,214)	(475,462)	(663,676)
2025	(167,050)	(489,611)	(656,661)
2026	(114,005)	(104,359)	(218,364)
Thereafter	(40,421)	(107,121)	(147,542)
Total	<u>\$ (838,420)</u>	<u>\$ (2,215,280)</u>	<u>\$ (3,053,700)</u>

Actuarial Assumptions - SERS

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

Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination. Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	2.63 percent
Prior Measurement Date	3.22 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

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

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, , 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the 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 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection.

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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 net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
School District's proportionate share of the net OPEB liability	\$ 2,729,870	\$ 2,230,332	\$ 1,833,199
	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	\$ 1,756,216	\$ 2,230,332	\$ 2,864,345

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of SERS, including the fair value of SERS' investment portfolio. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that may be recognized in subsequent periods cannot be determined with half of the fiscal year remaining. In addition, the impact on SERS' future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation is presented on the next page:

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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	Initial	Ultimate
Medical		
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-6.69 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	11.87 percent	4.00 percent

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

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

Actuarial assumptions used in the June 30, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

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

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as 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	\$ 1,892,723	\$ 2,175,380	\$ 2,415,206

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$ 2,400,320	\$ 2,175,380	\$ 1,901,373

Benefit Term Changes Since the Prior Measurement Date There was no change to the claims costs process. Claim curves were updated to reflect the projected FYE 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

Note 13 - Long-Term Obligations

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

	Balance as of 6/30/2020	Issuances	Retirements	Balance as of 6/30/2021	Amounts Due In One Year
<i>General Obligation Bonds</i>					
Classroom Facilities and School Improvement Bonds					
Serial and Term Bonds	\$ 8,330,000	\$ -	\$ (260,000)	\$ 8,070,000	\$ 265,000
Unamortized Premium	84,822	-	(3,855)	80,967	-
Discount	(67,534)	-	3,070	(64,464)	-
Classroom Facilities and School Improvement Bonds					
Serial and Term Bonds	16,605,000	-	(100,000)	16,505,000	265,000
Capital Appreciation Bonds	9,940	-	(9,940)	-	-
Accretion on Capital Appreciation Bonds	69,283	80,777	(150,060)	-	-
Unamortized Premium	628,426	-	(21,670)	606,756	-
Discount	(406,947)	-	14,033	(392,914)	-
Energy Conservation Improvement Refunding Bonds					
Serial and Term Bonds	1,180,000	-	(285,000)	895,000	295,000
Unamortized Premium	10,974	-	(3,659)	7,315	-
<i>Total General Obligation Bonds</i>	<u>26,443,964</u>	<u>80,777</u>	<u>(817,081)</u>	<u>25,707,660</u>	<u>825,000</u>
Total Net Pension Liability					
STRS	29,275,843	673,818	-	29,949,661	-
SERS	6,159,110	367,879	-	6,526,989	-
Total Net OPEB Liability					
SERS	2,648,584	-	(418,252)	2,230,332	-
<i>Total Net Pension and OPEB Liability</i>	<u>38,083,537</u>	<u>1,041,697</u>	<u>(418,252)</u>	<u>38,706,982</u>	<u>-</u>
<i>Other Long-Term Obligations</i>					
Compensated Absences	2,263,114	1,058,084	(405,514)	2,915,684	225,784
<i>Total Governmental Activities</i>	<u>\$ 66,790,615</u>	<u>\$ 2,180,558</u>	<u>\$ (1,640,847)</u>	<u>\$ 67,330,326</u>	<u>\$ 1,050,784</u>

2013 Classroom Facilities and School Improvement Bonds – Series A

On April 5, 2013, the School District issued \$9,890,000 of general obligation bonds, which included serial and term bonds in the amount of \$5,900,000 and \$3,990,000, respectively. The bonds were issued for a thirty-year period with final maturity on November 1, 2042.

These improvement bonds were issued with a premium of \$111,807, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The discount of \$89,024 is also being amortized over the life of the bonds using the straight-line method. The serial bonds were issued with varying interest rates of 1.50 to 3.25 percent. The term bonds were issued with varying interest rates of 3.50 to 4.00 percent. The repayment is from the debt service fund.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

2013 Classroom Facilities and School Improvement Bonds – Series B

On April 22, 2013, the School District issued \$17,579,728 of general obligation bonds, which included serial, term and capital appreciation bonds in the amount of \$4,410,000, \$13,055,000 and \$114,728, respectively. The bonds were issued for a thirty-seven-year period with final maturity on November 1, 2049.

These improvements bonds were issued with a premium of \$780,116, which is reported as an increase to bonds payable. The premium amount is being amortized to interest expense over the life of the bonds using the straight-line method. The bonds were issued at a discount of \$505,178 which is reported in the accompanying financial statements as a decrease to bonds payable and is also being amortized over the life of the bonds using the straight-line method.

The \$17,579,728 bond issue consists of serial, term and capital appreciation bonds. The serial bonds were issued with a varying interest rate of 1.25 to 3.375 percent. The term bonds were issued with a varying interest rate of 3.00 to 4.00 percent.

The capital appreciation bonds will mature from November 1, 2017 to November 1, 2020. These bonds were purchased at a discount at the time of issuance and at maturity all compounded interest is paid and the bond holder collects the face value. However, since interest is technically earned and compounded semiannually, the value of the bond increases. Therefore, as the value increases, the accretion is booked as principal. The maturity amount of the bonds is \$930,000. The repayment is from the debt service fund.

2013 Energy Conservation Improvement Refunding Bonds

On June 26, 2013, the School District issued \$3,045,000 of general obligation serial bonds. The bonds refunded \$2,972,973 of outstanding Energy Conservation Bonds. The bonds were issued for a ten-year period with final maturity at November 1, 2023. At the date of refunding, \$3,081,587 (including premium and after underwriting discount, and other issuance costs) was received to pay off old debt. As a result, \$2,972,973 of the Energy Conservation Bonds is considered to be defeased and the liability for those bonds has been removed from the financial statements. These refunding bonds were issued with a premium of \$36,587, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The School District refunded the Energy Conservation Bonds to save \$106,531 in total debt service payments over the next ten years. The repayment is from the general fund.

Compensated absences are typically paid from the fund from which the employee is paid. In prior years this has primarily been the general fund. The School District pays obligations related to employee compensation from the fund benefitting from their service. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Notes 11 and 12.

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*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2021 are as follows:

Fiscal Year Ending June 30,	Classroom Facilities Serial and Term Bonds		Energy Conservation Refunding Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 530,000	\$ 872,287	\$ 295,000	\$ 23,556	\$ 825,000	\$ 895,843
2023	540,000	858,913	300,000	15,000	840,000	873,913
2024	555,000	843,875	300,000	5,250	855,000	849,125
2025	570,000	828,413	-	-	570,000	828,413
2026	585,000	812,537	-	-	585,000	812,537
2027-2031	3,185,000	3,794,445	-	-	3,185,000	3,794,445
2032-2036	3,715,000	3,250,951	-	-	3,715,000	3,250,951
2037-2041	4,440,000	2,515,626	-	-	4,440,000	2,515,626
2042-2046	5,355,000	1,569,350	-	-	5,355,000	1,569,350
2047-2050	5,100,000	418,000	-	-	5,100,000	418,000
	<u>\$ 24,575,000</u>	<u>\$ 15,764,397</u>	<u>\$ 895,000</u>	<u>\$ 43,806</u>	<u>\$ 25,470,000</u>	<u>\$ 15,808,203</u>

Note 14 - Jointly Governed Organization

The Midland Council of Governments dba/Tri-County Computer Services Association is organized under Chapter 167 of the Ohio Revised Code. The Tri-County Computer Services Association (TCCSA) is a jointly governed organization. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts in Ashland, Holmes, Medina and Wayne counties. TCCSA is governed by representatives from each of the participating public-school districts served by TCCSA. TCCSA is recognized as one of twenty-three regional Information Technology Centers (ITC) as defined by the Ohio Department of Education. Each of the participating districts supports TCCSA based upon a per pupil charge dependent upon the software package utilized. Financial information can be obtained by contacting the Executive Director at the Tri-County Computer Services Association located at 2125 Eagle Pass, Wooster, OH 44691.

**ASHLAND CITY SCHOOL DISTRICT
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*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

Note 15 – Fund Balance

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major funds and all other governmental funds are presented as follows:

Fund Balances	General	Permanent Improvement	Building	Other Governmental Funds	Total Governmental Funds
<i>Nonspendable</i>					
Unclaimed Monies	\$ 20,340	\$ -	\$ -	\$ -	\$ 20,340
Prepaid Items	26,065	-	-	766	26,831
Investments	-	-	-	324,488	324,488
<i>Total Nonspendable</i>	<u>46,405</u>	<u>-</u>	<u>-</u>	<u>325,254</u>	<u>371,659</u>
<i>Restricted for</i>					
Debt Service	-	-	-	1,977,527	1,977,527
Capital Outlay	-	746,914	770,423	-	1,517,337
Facilities Maintenance	-	-	-	597,960	597,960
Extracurricular Activities	-	-	-	182,387	182,387
Auxiliary Services	-	-	-	33,254	33,254
State and Federal Programs	-	-	-	136,883	136,883
Other Purposes	-	-	-	155,236	155,236
Student Wellness	-	-	-	595,404	595,404
<i>Total Restricted</i>	<u>-</u>	<u>746,914</u>	<u>770,423</u>	<u>3,678,651</u>	<u>5,195,988</u>
<i>Assigned to</i>					
FY22 Appropriations	484,971	-	-	-	484,971
Instruction	129,106	-	-	-	129,106
Support Services	667,930	-	-	-	667,930
Extracurricular Activities	2,299	-	-	-	2,299
Facilities Acquisition & Construction Services	241,847	-	-	-	241,847
<i>Total Assigned</i>	<u>1,526,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,526,153</u>
<i>Unassigned (Deficit)</i>	8,916,578	-	-	(160,249)	8,756,329
Total Fund Balances	<u><u>\$ 10,489,136</u></u>	<u><u>\$ 746,914</u></u>	<u><u>\$ 770,423</u></u>	<u><u>\$ 3,843,656</u></u>	<u><u>\$ 15,850,129</u></u>

**ASHLAND CITY SCHOOL DISTRICT
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*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

Note 16 - Set-Asides

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

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

	<u>Capital Improvements</u>
Set-Aside Balance as of June 30, 2020	\$ -
Current Year Set-Aside Requirements	569,748
Qualifying Offsets	(845,569)
Total	<u>\$ (275,821)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$ -</u>
Set-Aside Balance as of June 30, 2021	<u><u>\$ -</u></u>

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

Note 17 – Contingencies and Commitments

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2021.

Litigation

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

**ASHLAND CITY SCHOOL DISTRICT
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*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

Contractual Commitments

As of June 30, 2021, the School District had the following contractual commitments:

	Contractual Commitment	Expended	Balance 6/30/2021
Edison Elementary Abestos Abatement	\$ 621,619	\$ -	\$ 621,619
Total	\$ 621,619	\$ -	\$ 621,619

Encumbrance Commitments

Outstanding encumbrances for governmental funds include \$1,041,182 in the general fund, \$316,649 in the permanent improvement fund, \$827,172 in the Building Fund, and \$597,518 in the non-major governmental funds.

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

School District Funding

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, all FTE adjustments on the fiscal year 2021 have been finalized and the School District was underpaid \$6,289, which will be paid through future foundation deductions.

Note 18 – Interfund Activity

Interfund Balances

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

	Interfund Receivable	Interfund Payable
General	\$ 2,309,076	\$ -
Permanent Improvement Fund	-	2,000,000
Other Governmental Funds	-	309,076
Total	\$ 2,309,076	\$ 2,309,076

**ASHLAND CITY SCHOOL DISTRICT
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*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021*

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2021 are reported on the Statement of Net Position.

Interfund Transfers

During fiscal year 2021, the General fund transferred \$1,000,000 to the Building Fund and Permanent Improvement fund for the renovation construction cost of the High School. Interfund transfers between governmental funds are eliminated in the statement of activities.

Note 19 – Tax Abatements

The City of Ashland and the Ashland City School District entered into Community Redevelopment Area (CRA) and Economic Zone agreements with various businesses for the abatement of property taxes to bring jobs and economic development into the City. Under the agreement, the companies' property taxes assessed to the District have been abated. During fiscal year 2021, the School District's property taxes were reduced by approximately \$406,290.

Note 20 – COVID-19

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

Note 21 – Subsequent Event Note

For fiscal year 2022, School District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$981,588 in revenues and expenditures/expenses related to these programs. Also during fiscal year 2021, the school district reported \$36,681 in tuition and fees from the resident school districts which will be direct funded to the School District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each School District. The School District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST EIGHT FISCAL YEARS (1)*

	2021	2020	2019	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.0986813%	0.1029405%	0.1076609%	0.1057140%	0.1057359%	0.1074235%	0.110380%	0.110380%
School District's Proportionate Share of the Net Pension Liability	\$ 6,526,989	\$ 6,159,110	\$ 6,165,939	\$ 6,316,177	\$ 7,738,892	\$ 6,129,689	\$ 5,586,269	\$ 6,563,944
School District's Covered Payroll	\$ 3,439,150	\$ 3,537,844	\$ 3,584,770	\$ 3,460,443	\$ 3,393,114	\$ 3,696,745	\$ 3,415,664	\$ 2,891,243
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	189.78%	174.09%	172.00%	182.53%	228.08%	165.81%	163.55%	227.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

Amounts presented as of the School District's measurement date which is the prior fiscal period end.

See accompanying notes to the required supplementary information

**ASHLAND CITY SCHOOL DISTRICT
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*REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL TEACHERS RETIREMENT SYSTEM OF OHIO
LAST EIGHT FISCAL YEARS (1)*

	2021	2020	2019	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.12377713%	0.13238363%	0.13564332%	0.13629974%	0.13298381%	0.13760240%	0.14092896%	0.14092896%
School District's Proportionate Share of the Net Pension Liability	\$ 29,949,661	\$ 29,275,843	\$ 29,824,920	\$ 32,378,295	\$ 44,513,690	\$ 38,029,291	\$ 34,278,800	\$ 40,832,683
School District's Covered Payroll	\$ 14,730,293	\$ 15,010,279	\$ 15,095,271	\$ 15,123,400	\$ 14,068,743	\$ 14,063,186	\$ 13,767,554	\$ 14,882,831
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	203.32%	195.04%	197.58%	214.09%	316.40%	270.42%	248.98%	274.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.31%	75.29%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

Amounts presented as of the School District's measurement date which is the prior fiscal period end.

See accompanying notes to the required supplementary information

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTION – PENSION
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$ 461,942	\$ 481,481	\$ 477,609	\$ 483,944	\$ 484,462	\$ 475,036	\$ 487,231	\$ 473,411	\$ 400,148	\$ 548,172
Contributions in Relation to the Contractually Required Contribution	<u>(461,942)</u>	<u>(481,481)</u>	<u>(477,609)</u>	<u>(483,944)</u>	<u>(484,462)</u>	<u>(475,036)</u>	<u>(487,231)</u>	<u>(473,411)</u>	<u>(400,148)</u>	<u>(548,172)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District Covered Payroll	\$3,299,586	\$3,439,150	\$3,537,844	\$3,584,770	\$3,460,443	\$3,393,114	\$3,696,745	\$3,415,664	\$2,891,243	\$4,075,628
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

See accompanying notes to the required supplementary information

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTION – PENSION
SCHOOL TEACHERS RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$ 2,372,333	\$ 2,062,241	\$ 2,101,439	\$ 2,113,338	\$ 2,117,276	\$ 1,969,624	\$ 1,968,846	\$ 1,789,782	\$ 1,934,768	\$ 2,481,832
Contributions in Relation to the Contractually Required Contribution	<u>(2,372,333)</u>	<u>(2,062,241)</u>	<u>(2,101,439)</u>	<u>(2,113,338)</u>	<u>(2,117,276)</u>	<u>(1,969,624)</u>	<u>(1,968,846)</u>	<u>(1,789,782)</u>	<u>(1,934,768)</u>	<u>(2,481,832)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District Covered Payroll	\$ 16,945,236	\$ 14,730,293	\$ 15,010,279	\$ 15,095,271	\$ 15,123,400	\$ 14,068,743	\$ 14,063,186	\$ 13,767,554	\$ 14,882,831	\$ 19,091,015
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST FIVE FISCAL YEARS (1)*

	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.1026229%	0.1053203%	0.1093062%	0.1067238%	0.1065934%
School District's Proportionate Share of the Net OPEB Liability	\$2,230,332	\$2,648,584	\$3,032,449	\$2,864,186	\$3,038,305
School District's Covered Payroll	\$3,439,150	\$3,537,844	\$3,584,770	\$3,460,443	\$3,393,114
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	64.85%	74.86%	84.59%	82.77%	89.54%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

Amounts presented as of the School District's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY/ASSET
SCHOOL TEACHERS RETIREMENT SYSTEM OF OHIO
LAST FIVE FISCAL YEARS (1)*

	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability/Asset	0.12377713%	0.13238363%	0.13564332%	0.13629974%	0.13298381%
School District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (2,175,380)	\$ (2,192,590)	\$ (2,179,650)	\$ 5,317,913	\$ 7,112,009
School District's Covered Payroll	\$ 14,730,293	\$ 15,010,279	\$ 15,095,271	\$ 15,123,400	\$ 14,068,743
School District's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-14.77%	-14.61%	-14.44%	35.16%	50.55%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	182.13%	174.74%	176.00%	47.11%	37.30%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

Amounts presented as of the School District's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTIONS - OPEB
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution (1)	\$ 63,756	\$ 66,975	\$ 81,160	\$ 77,350	\$ 69,385	\$ 51,541	\$ 84,434	\$ 54,788	\$ 52,251	\$ 20,510
Contributions in Relation to the Contractually Required Contribution	<u>(63,756)</u>	<u>(66,975)</u>	<u>(81,160)</u>	<u>(77,350)</u>	<u>(69,385)</u>	<u>(51,541)</u>	<u>(84,434)</u>	<u>(54,788)</u>	<u>(52,251)</u>	<u>(20,510)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
School District Covered Payroll	\$3,299,586	\$3,439,150	\$3,537,844	\$3,584,770	\$ 3,460,443	\$3,393,114	\$3,696,745	\$3,415,664	\$2,891,243	\$4,075,628
OPEB Contributions as a Percentage of Covered Payroll (1)	1.93%	1.95%	2.29%	2.16%	2.01%	1.52%	2.28%	1.60%	1.81%	0.50%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTIONS - OPEB
SCHOOL TEACHERS RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,676	\$ 148,828	\$ 177,274
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	-	(137,676)	(148,828)	(177,274)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District Covered Payroll	\$ 16,945,236	\$ 14,730,293	\$ 15,010,279	\$ 15,095,271	\$ 15,123,400	\$ 14,068,743	\$ 14,063,186	\$ 13,767,554	\$ 14,882,831	\$ 17,727,400
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

See accompanying notes to the required supplementary information

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Net Pension Liability

Changes of benefit terms- SERS

There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017 and 2019-2021.

The following changes were made to the benefit terms in 2018 as identified: The COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018-2020.

Changes in assumptions- SERS

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016 and 2018-2021. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement (h) change in discount rate from 7.75% to 7.5%.

Changes in benefit terms – STRS

There were no changes in benefit terms from the amounts reported for fiscal years 2014-2021.

Changes in assumptions – STRS

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

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Net OPEB Liability

Changes of benefit terms- SERS

There were no changes in benefit terms from the amounts reported for fiscal years 2018-2020.

Changes in Assumptions – SERS

Amounts reported for fiscal years 2018-2021 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:

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

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

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

Medicare Trend Assumption

Medicare

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

Pre - Medicare

Fiscal year 2020	7.00 percent decreasing to 4.75 percent
Fiscal year 2019	7.25 percent decreasing to 4.75 percent
Fiscal year 2018	7.50 percent decreasing to 5.00 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.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

For fiscal year 2020 and 2021, the health care cost trend rates were modified.

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.

For fiscal year 2020, claims 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% to 1.984 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% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY**

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

FEDERAL GRANTOR <i>Passed Through Grantor</i> Program / Cluster Title	Federal AL Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
<i>Passed through the Ohio Department of Education</i>		
Child Nutrition Cluster:		
Cash Assistance		
School Breakfast Program	10.553	\$ 296,376
COVID-19 School Breakfast Program	10.553	41,313
Total School Breakfast Program		<u>337,689</u>
National School Lunch Program		
COVID-19 National School Lunch Program	10.555	652,860
Total National School Lunch Program	10.555	46,917
		<u>699,777</u>
Total Cash Assistance		<u>1,037,466</u>
Non-Cash Assistance		
National School Lunch Program	10.555	57,398
Total Child Nutrition Cluster		<u>1,094,864</u>
Total U.S. Department of Agriculture		<u>1,094,864</u>
<u>U.S. DEPARTMENT OF TREASURY</u>		
<i>Passed through the Ohio Department of Education</i>		
COVID-19 Coronavirus Relief Fund	21.019	159,461
Total U.S. Department of Treasury		<u>159,461</u>
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u>		
<i>Passed through the State Library of Ohio</i>		
Grants to States	45.310	3,000
Total Institute of Museum and Library Services		<u>3,000</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>		
<i>Passed through the Ohio Department of Education</i>		
COVID-19 Education Stabilization Fund:		
COVID-19 Education Stabilization Fund (ESSER I)	84.425D	516,730
COVID-19 Education Stabilization Fund (ESSER II)	84.425D	157,545
Total COVID-19 Education Stabilization Fund		<u>674,275</u>
Title I Grants to Local Educational Agencies	84.010A	826,595
Special Education Cluster:		
Special Education - Grants to States	84.027A	606,595
Special Education - Preschool Grants	84.173A	25,507
Total Special Education Cluster		<u>632,102</u>
Supporting Effective Instruction State Grants	84.367A	132,479
Student Support and Academic Enrichment Program	84.424A	67,472
Striving Readers	84.371C	47,301
Total U.S. Department of Education		<u>2,380,224</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 3,637,549</u>

The accompanying notes are an integral part of this schedule.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY**

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Ashland City School District, Ashland County, Ohio, (the School District) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



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

Ashland City School District
Ashland County
1407 Claremont Ave
Ashland, Ohio 44805

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 Ashland City School District, Ashland County, Ohio (the School District), as of and for the year ended June 30, 2021, 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 May 18, 2022, wherein we noted the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures 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 opinions 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

May 18, 2022

OHIO AUDITOR OF STATE KEITH FABER



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

Ashland City School District
Ashland County
1407 Claremont Ave
Ashland, Ohio 44805

To the Board of Education:

Report on Compliance for the Major Federal Programs

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

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 programs.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 programs. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on the Major Federal Programs

In our opinion, the Ashland City School District, Ashland County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

The 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

May 18, 2022

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster AL # 84.425 – Education Stabilization Fund
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



ASHLAND CITY SCHOOL DISTRICT

ASHLAND 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 6/21/2022

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

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