



OHIO AUDITOR OF STATE
KEITH FABER



**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY
JUNE 30, 2021**

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**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY
JUNE 30, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S REPORT

Circleville City School District
Pickaway County
388 Clark Drive
Circleville, Ohio 43113

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 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 this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

May 25, 2022

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**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

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

Financial Highlights

Key financial highlights for 2021 are as follows:

- In total, net position of governmental activities increased \$2,807,893 which represents a 10.90% increase from the 2020 net position.
- General revenues accounted for \$29,274,215 in revenue or 80.37% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$7,151,279 or 19.63% of total revenues of \$36,425,494.
- The District had \$33,617,601 in expenses related to governmental activities; only \$7,151,279 of these expenses was offset by program specific charges for services and grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$29,274,215 were adequate to provide for these programs.
- The District's major funds are the general fund and the bond retirement fund. The general fund had \$27,047,497 in revenues and \$24,506,529 in expenditures and other financing uses. During fiscal year 2021, the general fund's fund balance increased \$2,533,705 from a balance of \$19,272,468 to a balance of \$21,806,173.
- The bond retirement fund had \$4,279,460 in revenues and other financing sources and \$1,606,767 in expenditures. During fiscal year 2021, the bond retirement fund's fund balance increased \$2,672,693 from a balance of \$13,643,188 to a balance of \$16,315,881.

Using these Basic Financial Statements

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

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the 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 District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and the bond retirement fund are the only major funds.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the 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 District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 12. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major funds are the general fund and the bond retirement fund.

Governmental Funds

Most of the 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 financial statements provide a detailed short-term view of the 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 basic financial statements.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

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.

Required Supplementary Information

The required supplementary information provides detailed information regarding the District's proportionate share of the net pension liability and net OPEB liability/asset of the retirement system and a ten year schedule of the District's contributions to the retirement systems to fund pension and OPEB obligations.

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**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The District as a Whole

The table below provides a summary of the District's net position at June 30, 2021 and June 30, 2020.

	Net Position	
	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
<u>Assets</u>		
Current and other assets	\$ 58,588,752	\$ 52,447,984
Capital assets, net	<u>60,068,502</u>	<u>61,765,104</u>
Total assets	<u>118,657,254</u>	<u>114,213,088</u>
<u>Deferred outflows</u>		
Unamortized deferred charges on debt refunding	165,752	174,873
Pension	5,376,215	5,235,188
OPEB	<u>884,118</u>	<u>574,750</u>
Total deferred outflows	<u>6,426,085</u>	<u>5,984,811</u>
<u>Liabilities</u>		
Current liabilities	3,607,525	3,155,869
Long-term liabilities:		
Due within one year	198,504	194,670
Due in more than one year		
Net pension liability	31,181,410	28,600,683
Net OPEB liability	2,370,885	2,621,241
Other amounts	<u>44,802,212</u>	<u>44,860,126</u>
Total liabilities	<u>82,160,536</u>	<u>79,432,589</u>
<u>Deferred inflows</u>		
Property taxes levied for the next fiscal year	9,958,039	9,909,454
Unamortized deferred gain on debt refunding	103,079	112,175
Pension	904,425	2,032,160
OPEB	<u>3,396,112</u>	<u>2,958,266</u>
Total deferred inflows	<u>14,361,655</u>	<u>15,012,055</u>
<u>Net Position</u>		
Net investment in capital assets	16,650,646	18,416,081
Restricted	20,657,298	17,448,142
Unrestricted (deficit)	<u>(8,746,796)</u>	<u>(10,110,968)</u>
Total net position	<u>\$ 28,561,148</u>	<u>\$ 25,753,255</u>

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

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

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 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 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.

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.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

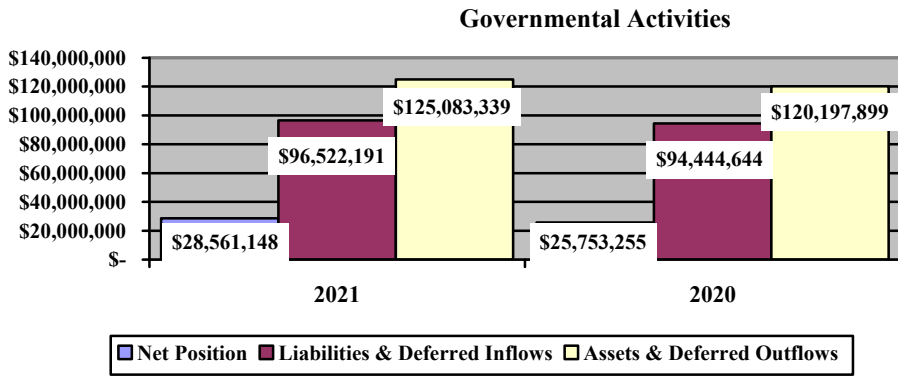
In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted 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 District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$28,561,148.

At year end, capital assets represented 50.62% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investments in capital assets at June 30, 2021, were \$16,650,646. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$20,657,298, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is (\$8,746,796).

The graph below shows the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2021 and June 30, 2020.



**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The table below shows the change in net position for fiscal year 2021 and 2020.

Change in Net Position

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,270,070	\$ 1,367,065
Operating grants and contributions	5,831,488	5,160,247
Capital grants and contributions	49,721	-
General revenues:		
Property taxes	13,562,219	12,109,132
Revenue in lieu of taxes	81,039	64,141
School district income taxes	2,183,107	2,042,291
Grants and entitlements	12,739,766	12,444,143
Investment earnings	60,883	678,859
Other	<u>647,201</u>	<u>176,577</u>
Total revenues	<u>36,425,494</u>	<u>34,042,455</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	13,106,882	13,173,413
Special	5,580,214	5,321,258
Vocational	214,514	211,029
Other	57,595	93,851
Support services:		
Pupil	1,259,791	1,301,760
Instructional staff	1,868,803	2,120,162
Board of education	203,159	130,355
Administration	2,299,157	2,410,166
Fiscal	622,253	806,756
Operations and maintenance	2,562,434	2,122,178
Pupil transportation	1,264,365	1,234,608
Central	430,681	312,899
Operation of non-instructional services:		
Other non-instructional services	209,776	146,269
Food service operations	1,037,187	1,261,071
Extracurricular activities	872,682	906,336
Interest and fiscal charges	<u>2,028,108</u>	<u>1,323,203</u>
Total expenses	<u>33,617,601</u>	<u>32,875,314</u>
Changes in net position	2,807,893	1,167,141
Net position at beginning of year	<u>25,753,255</u>	<u>24,586,114</u>
Net position at end of year	<u>\$ 28,561,148</u>	<u>\$ 25,753,255</u>

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

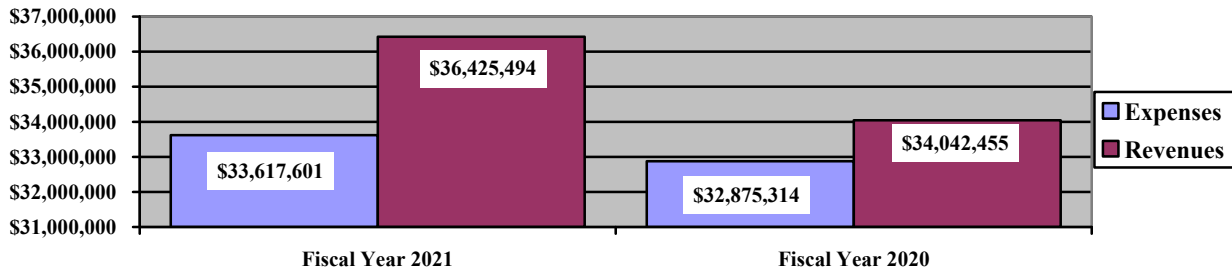
Governmental Activities

Net position of the District's governmental activities increased \$2,807,893. Total governmental expenses of \$33,617,601 were offset by program revenues of \$7,151,279 and general revenues of \$29,274,215. Program revenues supported 21.27% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes and grants and entitlements not restricted to specific programs. These revenue sources represent 78.42% of total governmental revenue. Real estate property is reappraised every six years. Total revenues increased \$2,383,039 during the current fiscal year. The majority of the increase was in property tax revenue. During fiscal year 2021, property tax revenue increased \$1,453,087 or 11.99%. This increase was due to an increase in the amount of real estate taxes received during the fiscal year and the amount of property taxes receivable and available for advance at fiscal year-end. Intergovernmental revenue increased \$671,241 or 13.01% due to fluctuations in State Foundation.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2021 and 2020.

Governmental Activities - Revenues and Expenses



**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table 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 grants and entitlements.

Governmental Activities

	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>
Program expenses:				
Instruction:				
Regular	\$ 13,106,882	\$ 11,610,240	\$ 13,173,413	\$ 11,864,170
Special	5,580,214	2,843,941	5,321,258	2,701,640
Vocational	214,514	196,081	211,029	192,596
Other	57,595	8,602	93,851	12,290
Support services:				
Pupil	1,259,791	1,259,791	1,301,760	1,301,760
Instructional staff	1,868,803	1,588,395	2,120,162	2,003,876
Board of Education	203,159	203,159	130,355	130,355
Administration	2,299,157	1,430,998	2,410,166	1,964,191
Fiscal	622,253	622,253	806,756	806,756
Operations and maintenance	2,562,434	2,408,056	2,122,178	2,087,495
Pupil transportation	1,264,365	1,170,849	1,234,608	1,167,437
Central	430,681	370,743	312,899	312,899
Operation of non-instructional services:				
Other non-instructional services	209,776	44,661	146,269	(80,616)
Food service operations	1,037,187	(61,161)	1,261,071	(118,040)
Extracurricular activities	872,682	741,606	906,336	677,990
Interest and fiscal charges	<u>2,028,108</u>	<u>2,028,108</u>	<u>1,323,203</u>	<u>1,323,203</u>
Total expenses	<u>\$ 33,617,601</u>	<u>\$ 26,466,322</u>	<u>\$ 32,875,314</u>	<u>\$ 26,348,002</u>

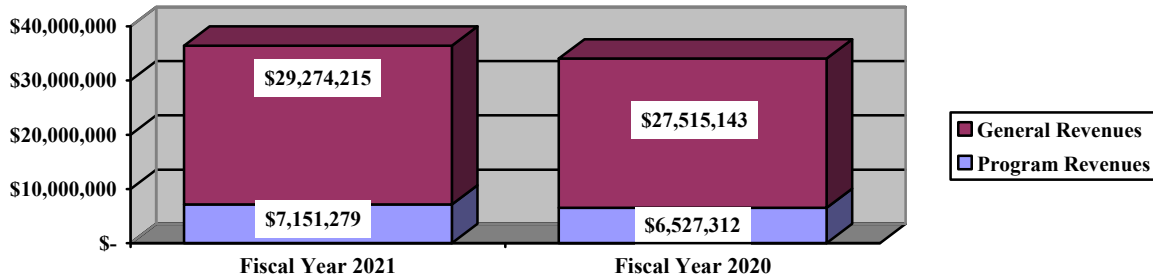
The dependence upon tax and other general revenues for governmental activities is apparent, as 77.32% of instruction activities in fiscal year 2021 are supported through taxes and other general revenues. For all governmental activities, general revenue support is 78.73%. The District's taxpayers, and grants and entitlements from the State of Ohio, as a whole, are by far the primary support for the District's students.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

The graph below presents the District's governmental activities revenue for fiscal year 2021 and 2020.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$42,298,180 which is higher than last year's total of \$36,544,675. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2021 and 2020.

	<u>Fund Balance June 30, 2021</u>	<u>Fund Balance June 30, 2020</u>	<u>Increase</u>
General	\$ 21,806,173	\$ 19,272,468	\$ 2,533,705
Bond retirement	16,315,881	13,643,188	2,672,693
Other governmental	<u>4,176,126</u>	<u>3,629,019</u>	<u>547,107</u>
Total	<u>\$ 42,298,180</u>	<u>\$ 36,544,675</u>	<u>\$ 5,753,505</u>

General Fund

The District's general fund balance increased \$2,533,705. The slightly increasing revenues still exceeded the District's current fiscal year expenditures. The most significant revenue increase was in the area of tax revenue and intergovernmental revenue. Property tax revenues increased due to an increase in property taxes received during the year as well as due to an increase in Pickaway County tax revenue available as advance to the District at June 30, 2021. The amounts of taxes collected and available as advance to the general fund were \$1,206,114 and \$908,771 at June 30, 2021, and 2020, respectively. The majority of the increase in intergovernmental revenues was due to an increase in State Foundation. During fiscal year 2021, intergovernmental revenue increased \$256,881 or 2.01% due to an increase in State Foundation. State Foundation varied as a direct result of the State of Ohio's budgeting for COVID-19. The decrease in investment income was a result of market value adjustments on the District's investment portfolio. Expenditures related to instruction and support services fluctuated during the year due to changes in personnel costs.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2021</u> <u>Amount</u>	<u>2020</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 12,111,786	\$ 10,968,896	10.42 %
Earnings on investments	62,924	675,332	(90.68) %
Intergovernmental	13,017,834	12,760,953	2.01 %
Other revenues	<u>1,854,953</u>	<u>1,313,916</u>	41.18 %
Total	<u>\$ 27,047,497</u>	<u>\$ 25,719,097</u>	5.17 %
<u>Expenditures</u>			
Instruction	\$ 14,715,538	\$ 14,639,978	0.52 %
Support services	8,105,466	8,446,054	(4.03) %
Extracurricular activities	666,879	578,318	15.31 %
Operation of non-instructional services	4,017	-	100.00 %
Debt service	<u>558,375</u>	<u>557,528</u>	0.15 %
Total	<u>\$ 24,050,275</u>	<u>\$ 24,221,878</u>	(0.71) %

Bond Retirement Fund

The bond retirement fund had \$4,279,460 in revenues and other financing sources and \$1,606,767 in expenditures. During fiscal year 2021, the bond retirement fund's fund balance increased \$2,672,693 from a balance of \$13,643,188 to a balance of \$16,315,881.

General Fund Budgeting Highlights

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

During the course of fiscal year 2021, the District amended its general fund budget several times. For the general fund, final budgeted revenues and other financing sources were \$24,230,301, which were \$6,301 more than the original budgeted revenues and other financing sources of \$24,224,000. Actual revenues and other financing sources for fiscal year 2021 were \$27,477,523 which was \$3,247,222 more than the budgeted revenues.

General fund original appropriations of \$31,322,254 were \$80,301 less than the final budgeted expenditures and other financing uses of \$31,402,555. The actual budget basis expenditures and other financing uses for fiscal year 2021 totaled \$26,418,078, which was \$4,984,477 less than the final budgeted appropriations.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the District had \$60,068,502 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2021 balances compared to June 30, 2020.

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

	Governmental Activities	
	2021	2020
Land	\$ 1,627,374	\$ 1,627,374
Construction in progress	180,423	97,760
Land improvements	4,536,737	4,576,044
Building and improvements	52,447,192	54,128,767
Furniture and equipment	792,996	917,009
Vehicles	483,780	418,150
Total	\$ 60,068,502	\$ 61,765,104

The overall decrease in capital assets is due to depreciation expense of \$2,342,450 exceeding capital outlays of \$645,848 in the current period.

See Note 10 to the basic financial statements for detail.

Debt Administration

At June 30, 2021, the District had \$71,612 in capital lease obligations, \$61,000 in energy conservation notes, \$7,000,000 in certificates of participation and \$35,350,000 in general obligation bonds outstanding. Of this total, \$63,445 is due within one year and \$42,419,167 is due in more than one year. The following table summarizes the liabilities outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
	Capital lease agreement	\$ 71,612
Energy conservation notes	61,000	90,000
Certificates of participation	7,000,000	7,000,000
General obligation bonds	35,350,000	35,350,000
Total	\$ 42,482,612	\$ 42,543,430

See Note 11 to the basic financial statements for detail on the District's debt administration.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

Current Financial Related Activities

The challenge for the District's management is to continue to provide the resources necessary to meet student needs and to stay within the five-year forecast. The five-year forecast is utilized by the District to effectively and efficiently manage the District's resources to their fullest.

In May of 2010, the District was successful in passing a \$37,917,624 bond issue. This bond issue was used to fund the District's share of the \$65.3 million dollar new facilities construction project with the Ohio Facilities Construction Commission. This project built a new Pre-Kindergarten through 12th grade school campus. The contracts for the construction of the new elementary and high school were approved by the Board of Education and the Ohio Facilities Construction Commission on July 26, 2012. The contracts for the new middle school were approved December 11, 2013. The District opened the new high school in January of 2016, followed by the opening of the elementary school in August of 2016, and the middle school opened in August 2017. Along with the Ohio Facilities Construction Commission project, the district is completing a Champions Complex. This project included the renovation and construction of the outside athletic facilities. A new concession stand, restrooms, ticket booth, Fieldhouse and Multipurpose building have been built. Also, included in this project were softball, baseball, soccer fields and tennis courts. The OFCC building project and the Champions Complex projects were completed during fiscal year 2016. The District was successful in closing out the OFCC project in January of 2018. Upon the close out of the OFCC project, the District started the renovations for the football stadium. This included resurfacing the track, new bleachers and press box. The district also added some additional parking and storage near the tennis courts.

In spring of 2019, the District negotiated with the Circleville Education Association. The outcome was a three year agreement for the period of July 1, 2019 through June 30, 2022. The Circleville Education Association agreement includes a 1.5%, 1.25% and 1.0% pay raise, respectively. The District approved a Classified Employee Handbook amendment effective July 1, 2019. This handbook included a pay raise of 2.0% for fiscal years 2019, 2020, and 2021.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Kristen Rhoads, Treasurer at Circleville City School District, 388 Clark Drive, Circleville, Ohio, 43113.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 31,866,652
Cash with escrow agent	10,577,945
Receivables:	
Property taxes	12,115,997
Income taxes	813,449
Payment in lieu of taxes	37,691
Accounts	6,065
Accrued interest	73,459
Intergovernmental	1,236,623
Prepayments	63,178
Materials and supplies inventory	28,861
Inventory held for resale	33,492
Net OPEB asset	1,735,340
Capital assets:	
Nondepreciable capital assets	1,807,797
Depreciable capital assets, net	58,260,705
Capital assets, net	60,068,502
Total assets	118,657,254
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	165,752
Pension	5,376,215
OPEB	884,118
Total deferred outflows of resources	6,426,085
Liabilities:	
Accounts payable	249,835
Contracts payable	180,423
Accrued wages and benefits payable	2,405,776
Intergovernmental payable	84,628
Pension and post employment benefits payable	398,567
Accrued interest payable	288,296
Long-term liabilities:	
Due within one year	198,504
Due in more than one year:	
Net pension liability	31,181,410
Net OPEB liability	2,370,885
Other amounts due in more than one year	44,802,212
Total liabilities	82,160,536
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	9,958,039
Unamortized deferred gain on debt refunding	103,079
Pension	904,425
OPEB	3,396,112
Total deferred inflows of resources	14,361,655
Net position:	
Net investment in capital assets	16,650,646
Restricted for:	
Capital projects	2,358,211
Classroom facilities maintenance	850,476
Debt service	16,136,890
State funded programs	739,899
Food service operations	355,655
Student activities	150,991
Other purposes	65,176
Unrestricted (deficit)	(8,746,796)
Total net position	\$ 28,561,148

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

			Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities
Governmental activities:						
Instruction:						
Regular	\$ 13,106,882	\$ 1,053,117	\$ 443,525	\$ -		\$ (11,610,240)
Special	5,580,214	57,049	2,679,224	-		(2,843,941)
Vocational	214,514	-	18,433	-		(196,081)
Other	57,595	-	48,993	-		(8,602)
Support services:						
Pupil	1,259,791	-	-	-		(1,259,791)
Instructional staff	1,868,803	2,999	277,409	-		(1,588,395)
Board of education	203,159	-	-	-		(203,159)
Administration	2,299,157	2,279	865,880	-		(1,430,998)
Fiscal	622,253	-	-	-		(622,253)
Operations and maintenance	2,562,434	100	149,020	5,258		(2,408,056)
Pupil transportation	1,264,365	-	49,053	44,463		(1,170,849)
Central	430,681	-	59,938	-		(370,743)
Operation of non-instructional services:						
Food service operations	1,037,187	43,198	1,055,150	-		61,161
Other non-instructional services	209,776	-	165,115	-		(44,661)
Extracurricular activities	872,682	111,328	19,748	-		(741,606)
Interest and fiscal charges	2,028,108	-	-	-		(2,028,108)
Totals	\$ 33,617,601	\$ 1,270,070	\$ 5,831,488	\$ 49,721		(26,466,322)
General revenues:						
Property taxes levied for:						
						9,942,543
						2,953,232
						534,564
						131,880
						81,039
Payments in lieu of taxes						
						81,039
Income taxes levied for:						
						2,183,107
Grants and entitlements not restricted						
						12,739,766
						60,883
						647,201
						29,274,215
						2,807,893
						25,753,255
						\$ 28,561,148

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 22,004,639	\$ 5,305,246	\$ 4,556,767	\$ 31,866,652
Cash with escrow agent	-	10,577,945	-	10,577,945
Receivables:				
Property taxes	8,767,415	2,690,723	657,859	12,115,997
Income taxes	813,449	-	-	813,449
Payment in lieu of taxes	37,691	-	-	37,691
Accounts	4,890	-	1,175	6,065
Accrued interest	18,828	54,631	-	73,459
Interfund loans	519,626	-	-	519,626
Intergovernmental	612,223	-	624,400	1,236,623
Prepayments	62,506	-	672	63,178
Materials and supplies inventory	16,108	-	12,753	28,861
Inventory held for resale	-	-	33,492	33,492
Total assets	<u>\$ 32,857,375</u>	<u>\$ 18,628,545</u>	<u>\$ 5,887,118</u>	<u>\$ 57,373,038</u>
Liabilities:				
Accounts payable	\$ 176,422	\$ -	\$ 73,413	\$ 249,835
Contracts payable	170,450	-	9,973	180,423
Accrued wages and benefits payable	2,010,719	-	395,057	2,405,776
Compensated absences payable	34,232	-	-	34,232
Intergovernmental payable	79,290	-	5,338	84,628
Pension obligation payable	347,686	-	50,881	398,567
Interfund loans payable	-	-	519,626	519,626
Total liabilities	<u>2,818,799</u>	<u>-</u>	<u>1,054,288</u>	<u>3,873,087</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	7,205,790	2,203,558	548,691	9,958,039
Delinquent property tax revenue not available	355,511	109,106	26,676	491,293
Income tax revenue not available	158,339	-	-	158,339
Intergovernmental revenue not available	2,184	-	81,337	83,521
Accrued interest not available	12,846	-	-	12,846
Miscellaneous revenue not available	497,733	-	-	497,733
Total deferred inflows of resources	<u>8,232,403</u>	<u>2,312,664</u>	<u>656,704</u>	<u>11,201,771</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	16,108	-	12,753	28,861
Prepays	62,506	-	672	63,178
Restricted:				
Debt service	-	16,315,881	-	16,315,881
Capital improvements	-	-	2,331,535	2,331,535
Classroom facilities maintenance	-	-	850,476	850,476
Food service operations	-	-	374,927	374,927
Non-public schools	-	-	9,028	9,028
State funded programs	-	-	731,733	731,733
Extracurricular	-	-	150,991	150,991
Scholarships	-	-	48,947	48,947
Other purposes	-	-	16,229	16,229
Committed:				
Student and staff support	300,817	-	-	300,817
Termination benefits	186,123	-	-	186,123
Student instruction	234,001	-	-	234,001
Assigned:				
Student and staff support	323,022	-	-	323,022
Extracurricular activities	45,382	-	-	45,382
Subsequent year's appropriations	5,761,806	-	-	5,761,806
Student instruction	123,939	-	-	123,939
Public school support	24,618	-	-	24,618
Employee benefits	1,650,595	-	-	1,650,595
Unassigned (deficit)	<u>13,077,256</u>	<u>-</u>	<u>(351,165)</u>	<u>12,726,091</u>
Total fund balances	<u>21,806,173</u>	<u>16,315,881</u>	<u>4,176,126</u>	<u>42,298,180</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 32,857,375</u>	<u>\$ 18,628,545</u>	<u>\$ 5,887,118</u>	<u>\$ 57,373,038</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

Total governmental fund balances		\$	42,298,180
<i>Amounts reported for governmental activities on 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.			60,068,502
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	491,293	
Income taxes receivable		158,339	
Accrued interest receivable		12,846	
Intergovernmental receivable		581,254	
Total			1,243,732
Unamortized premiums on bonds issued are not recognized in the funds.			(878,494)
Unamortized amounts on refundings are not recognized in the funds.			62,673
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(288,296)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		5,376,215	
Deferred inflows - pension		(904,425)	
Net pension liability		(31,181,410)	
Deferred outflows - OPEB		884,118	
Deferred inflows - OPEB		(3,396,112)	
Net OPEB asset		1,735,340	
Net OPEB liability		(2,370,885)	
Total			(29,857,159)
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		(35,350,000)	
Certificates of participation		(7,000,000)	
Energy conservation notes		(61,000)	
Capital lease obligation		(71,612)	
Compensated absences		(1,605,378)	
Total			(44,087,990)
Net position of governmental activities		\$	<u>28,561,148</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 9,935,987	\$ 2,949,474	\$ 665,840	\$ 13,551,301
Income taxes	2,175,799	-	-	2,175,799
Intergovernmental	13,017,834	905,198	4,778,623	18,701,655
Investment earnings	62,924	8,534	125	71,583
Tuition and fees	1,107,810	-	-	1,107,810
Extracurricular	5,752	-	110,931	116,683
Rental income	100	-	-	100
Charges for services	2,279	-	43,198	45,477
Contributions and donations	100	-	31,994	32,094
Payment in lieu of taxes	81,039	-	-	81,039
Miscellaneous	657,873	-	50,366	708,239
Total revenues	<u>27,047,497</u>	<u>3,863,206</u>	<u>5,681,077</u>	<u>36,591,780</u>
Expenditures:				
Current:				
Instruction:				
Regular	11,202,702	-	462,503	11,665,205
Special	3,321,635	-	1,643,652	4,965,287
Vocational	186,553	-	-	186,553
Other	4,648	-	49,776	54,424
Support services:				
Pupil	1,105,325	-	16,499	1,121,824
Instructional staff	1,063,959	-	628,934	1,692,893
Board of education	199,852	-	-	199,852
Administration	1,394,075	-	582,801	1,976,876
Fiscal	575,427	21,308	4,745	601,480
Operations and maintenance	2,184,423	-	193,938	2,378,361
Pupil transportation	1,232,999	-	56,421	1,289,420
Central	349,406	-	59,938	409,344
Operation of non-instructional services:				
Food service operations	-	-	1,002,449	1,002,449
Other non-instructional services	4,017	-	182,272	186,289
Extracurricular activities	666,879	-	147,882	814,761
Facilities acquisition and construction	-	-	164,123	164,123
Debt service:				
Principal retirement	60,818	-	-	60,818
Interest and fiscal charges	497,557	1,585,459	-	2,083,016
Total expenditures	<u>24,050,275</u>	<u>1,606,767</u>	<u>5,195,933</u>	<u>30,852,975</u>
Excess of revenues over expenditures	<u>2,997,222</u>	<u>2,256,439</u>	<u>485,144</u>	<u>5,738,805</u>
Other financing sources (uses):				
Transfers in	-	416,254	40,000	456,254
Transfers (out)	(456,254)	-	-	(456,254)
Total other financing sources (uses)	<u>(456,254)</u>	<u>416,254</u>	<u>40,000</u>	<u>-</u>
Net change in fund balances	2,540,968	2,672,693	525,144	5,738,805
Fund balances at beginning of year	19,272,468	13,643,188	3,629,019	36,544,675
Change in reserve for inventory	(7,263)	-	21,963	14,700
Fund balances at end of year	<u>\$ 21,806,173</u>	<u>\$ 16,315,881</u>	<u>\$ 4,176,126</u>	<u>\$ 42,298,180</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

Net change in fund balances - total governmental funds	\$	5,738,805
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 645,848	
Current year depreciation	<u>(2,342,450)</u>	
Total		(1,696,602)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		
		14,700
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	10,918	
Income taxes	7,308	
Earnings on investments	(10,575)	
Intergovernmental	<u>(174,046)</u>	
Total		(166,395)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		60,818
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	95	
Amortization of bond premiums	54,838	
Amortization of deferred charges	<u>(25)</u>	
Total		54,908
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	2,226,249	
OPEB	<u>52,516</u>	
Total		2,278,765
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(3,538,214)	
OPEB	<u>133,517</u>	
Total		(3,404,697)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>(72,409)</u>
Change in net position of governmental activities	\$	<u>2,807,893</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 9,077,619	\$ 9,080,000	\$ 9,638,644	\$ 558,644
Income taxes	1,999,476	2,000,000	2,046,113	46,113
Intergovernmental	11,322,030	11,325,000	13,092,484	1,767,484
Investment earnings	424,889	425,000	173,533	(251,467)
Tuition and fees	1,025,731	1,026,000	1,107,810	81,810
Rental income	-	-	100	100
Charges for services	2,999	3,000	2,279	(721)
Contributions and donations	21,295	21,301	100	(21,201)
Payment in lieu of taxes	-	-	74,896	74,896
Miscellaneous	149,961	150,000	1,144,860	994,860
Total revenues	<u>24,024,000</u>	<u>24,030,301</u>	<u>27,280,819</u>	<u>3,250,518</u>
Expenditures:				
Current:				
Instruction:				
Regular	11,866,832	11,901,095	11,471,366	429,729
Special	3,495,507	3,505,600	3,517,740	(12,140)
Vocational	186,816	187,355	188,203	(848)
Other	5,604	5,620	4,648	972
Support services:				
Pupil	1,135,458	1,138,736	1,114,630	24,106
Instructional staff	1,690,252	1,695,132	1,189,681	505,451
Board of education	261,565	262,320	222,532	39,788
Administration	2,360,188	2,367,003	1,614,292	752,711
Fiscal	786,433	788,704	600,525	188,179
Operations and maintenance	2,685,930	2,693,685	2,408,291	285,394
Pupil transportation	1,214,923	1,218,431	1,337,996	(119,565)
Central	362,187	363,233	335,651	27,582
Operation of non-instructional services:				
Other non-instructional services	19,978	20,036	3,733	16,303
Extracurricular activities	710,680	712,732	710,802	1,930
Debt service:				
Principal	528,474	530,000	445,254	84,746
Interest and fiscal charges	500,754	502,200	493,108	9,092
Total expenditures	<u>27,811,581</u>	<u>27,891,882</u>	<u>25,658,452</u>	<u>2,233,430</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,787,581)</u>	<u>(3,861,581)</u>	<u>1,622,367</u>	<u>5,483,948</u>
Other financing sources (uses):				
Refund of prior year's expenditures	-	-	17,496	17,496
Refund of prior year's receipts	(20,000)	(20,000)	-	20,000
Transfers in	100,000	100,000	100,000	-
Transfers (out)	(2,050,000)	(2,050,000)	(240,000)	1,810,000
Advances in	100,000	100,000	79,165	(20,835)
Advances (out)	(1,440,673)	(1,440,673)	(519,626)	921,047
Sale of capital assets	-	-	43	43
Total other financing sources (uses)	<u>(3,310,673)</u>	<u>(3,310,673)</u>	<u>(562,922)</u>	<u>2,747,751</u>
Net change in fund balance	(7,098,254)	(7,172,254)	1,059,445	8,231,699
Fund balance at beginning of year	17,205,479	17,205,479	17,205,479	-
Prior year encumbrances appropriated	1,367,254	1,367,254	1,367,254	-
Fund balance at end of year	<u>\$ 11,474,479</u>	<u>\$ 11,400,479</u>	<u>\$ 19,632,178</u>	<u>\$ 8,231,699</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Circleville City School District (the “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 District is a city school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (five members) and is responsible for the provision of public education to residents of the District.

The District employs 113 non-certified and 158 certified employees to provide services to approximately 2,208 students and community groups. The District provides regular instruction, special instruction and vocational programs through the Pickaway-Ross Career and Technology Center. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisitions and construction services, operation and maintenance of plant, pupil transportation, food services, extracurricular activities and non-programmed services. The District co-operates with the Pickaway County Educational Service Center, a separate entity, for curricular services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META) Solutions

The District is a participant in META Solutions which is a computer consortium that develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from thirteen (13) of the member districts. During fiscal year 2021, the District paid META Solutions \$114,489 for services. Financial information can be obtained from Ashley Widby, who serves as Interim Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

Pickaway County Public Employer Benefits Program (PCPEBP)

During fiscal year 2010, the District joined together with Teays Valley Local School District, Logan Elm Local School District and Westfall Local School District to form the PCPEBP, a new insurance consortium. The PCPEBP is a public entity shared risk pool organized to provide health care and dental insurance benefits to its member organizations. The Board of Directors exercises control over the operation of the PCPEBP. Each member school district is represented on the Board of Directors by their superintendent or superintendent designee.

Teays Valley Local School District serves as fiscal agent for the PCPEBP. To obtain financial information, write Trey Fausnaugh, Treasurer, Teays Valley Local School District, 385 Circleville Avenue, Ashville, Ohio 43103.

Pickaway-Ross Career and Technology Center

The Pickaway-Ross Career and Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of eleven representatives from the various City and County Boards within Pickaway and Ross Counties, each of which possesses its own budgeting and taxing authority. To obtain financial information write to the Pickaway-Ross Career and Technology Center, Todd Stahr, Treasurer, at 895 Crouse Chapel Road, Chillicothe, Ohio 45601.

PUBLIC ENTITY RISK POOL

Workers' Compensation

The District participates in the Ohio Association of School Business Officials (OASBO)/ Sheakley UniServe Workers' Compensation Group Rating Program (GRP). The GRP is sponsored by OASBO and administered by Sheakley UniServe, Inc. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The District pays a fee to the GRP to cover the costs of administering the program.

B. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

GOVERNMENTAL FUNDS

Governmental funds focus 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 District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond retirement fund - The bond retirement fund is used to account for the retirement of bonds.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: 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 District has no trust funds. The District's custodial funds had no financial activity during the audit period.

C. Basis of Presentation and Measurement Focus

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of the District are included on the statement of net position.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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 and current liabilities and deferred inflows 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.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are 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 District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, payment in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from income taxes is recognized in the period in which the income was earned (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the 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, income taxes, payments in lieu of taxes, tuition, grants, student fees and rentals.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents 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 District, See Notes 14 and 15 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. 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.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements 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 District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. A deferred gain on debt 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.

For the District, See Notes 14 and 15 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgets

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The specific timetable for fiscal year 2021 is as follows.

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Pickaway County Budget Commission for tax rate determination.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original and final budgeted revenue amount in the budgetary statement reflect the amounts set forth in the original and final amended certificate of estimated resources issued for fiscal year 2021.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures.

Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed appropriations totals.

5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions.
7. Appropriation amounts are as originally adopted, which are the permanent appropriations, or as amended by the Board of Education throughout the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. Individual building and/or departments may transfer funds within their budgets upon review and approval of the Treasurer. All supplemental appropriations were legally enacted. The final budget figures, which appear in the statements of budgetary comparisons, represent the permanent appropriation amounts plus all supplemental appropriations legally enacted during the year. During the year, supplemental appropriations were legally enacted by the Board, none of which were significant.
8. At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated.

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies and investments for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

During fiscal year 2021, investments were limited to Federal National Mortgage Association (FNMA) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal Home Loan Mortgage Corporation (FHLB), Federal Farm Credit Bank (FFCB), negotiable certificates of deposit, U.S. Government money market funds, commercial paper and the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value, which is based on quoted market prices.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

During fiscal year 2021, the 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 District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 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. Interest revenues credited to the general fund during fiscal year 2021 amounted to \$62,924, which includes \$18,898 assigned from other District funds.

An analysis of the District's investments at year end is provided in Note 4.

G. Inventory

On government-wide financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method on the government wide financial statements and the purchase method on the fund financial statements. On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis and is expended when purchased.

On the fund financial statements, reported material and supplies inventory is equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food, purchased food and items held for resale.

H. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

On the fund financial statements, reported prepayments are equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

I. Capital Assets

General capital assets 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.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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. The District’s capitalization threshold is \$5,000. The 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. Interest incurred during the construction of capital assets is also capitalized.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	5 - 15 years
Buildings and improvements	50 years
Furniture and equipment	5 - 15 years
Vehicles	10 years

J. 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 type activities columns of the statement of net position.

K. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2020, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2021, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

L. 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, judgments, net pensions / OPEB liability, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Notes and leases are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

M. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally 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.

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

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 District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the 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 District for specific purposes but do not meet the criteria to be classified as restricted nor 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 District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. Parochial School

New Hope Christian School operates within the District's boundaries. Current State legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. These activities are reported as a governmental activity of the District.

O. Estimates

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

P. Unamortized Bond Premiums and Discounts/Accounting Gain or Loss

Bond premiums are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as a deferred inflow or deferred outflow of resources.

On the governmental fund financial statements bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 11.

Q. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing 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 its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes consist of food services and education foundation.

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

R. 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.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

S. 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 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.

T. 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. The District had neither transaction for fiscal year 2021.

U. Fair Market Value

The 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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2021, the District has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended June 30, 2021. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed until the fiscal year ended June 30, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

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

<u>Nonmajor funds</u>	<u>Deficit</u>
Public school preschool	\$ 27,286
Elementary and Secondary School Emergency Relief (ESSER)	28,682
21st Century	8,522
IDEA, Part B	90,473
Title I	148,655
IDEA, Part B - preschool stimulus	3,572
Supporting Effective Instruction	24,232
Miscellaneous federal funds	19,071

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

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

State statutes classify monies held by the 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 District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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 and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
2. Written repurchase agreements in the securities listed above provided that the fair 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;

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

4. Bonds and other obligations of the State of Ohio; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time.

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

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

A. Cash with Escrow Agents

At fiscal year end, \$10,577,945 was on deposit with an escrow agent for monies held in relation to the District's sinking fund deposits that are required for the District's Series 2010A bonds (See Note 11.B.) and the District's Certificates of Participation (See Note 11.G.).

These funds are not included in the "carrying amount of deposits".

B. Cash on Hand

At year end, the District had \$350 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

C. Deposits with Financial Institutions

At June 30, 2021, the carrying amount of all District deposits was \$1,348,570 and the bank balance of all District deposits was \$1,524,051. Of the bank balance, \$250,000 was covered by the FDIC and \$1,274,051 was covered by the Ohio Pooled Collateral System.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk 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. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District's 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 (2) 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. For 2021, the District's financial institutions were approved for a collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

D. Investments

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

Measurement/ Investment type	Measurement Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Amortized Cost:</i>						
STAR Ohio	\$ 17,818,867	\$ 17,818,867	\$ -	\$ -	\$ -	\$ -
<i>Fair Value:</i>						
FHLMC	692,275	-	-	-	-	692,275
FNMA	500,005	-	-	-	500,005	-
FHLB	1,444,716	-	-	-	-	1,444,716
FFCB	499,285	-	-	-	-	499,285
Negotiable CD's	6,260,960	996,710	2,253,794	756,781	771,078	1,482,597
U.S. Government money market	3,430	3,430	-	-	-	-
Commercial paper	3,298,194	2,868,643	429,551	-	-	-
Total	\$ 30,517,732	\$ 21,687,650	\$ 2,683,345	\$ 756,781	\$ 1,271,083	\$ 4,118,873

The weighted average maturity of investments is 0.63 years.

The District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities (FHLMC, FNMA, FFCB, FHLB), commercial paper and negotiable CD's are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: The District's investments in federal agency securities, and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The commercial paper was rated A+ and A1 by Standard & Poor's and Moody's Investor Services, respectively. The District's investments in STAR Ohio and U.S. government money market mutual funds obtained an AAAM money market rating by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized rating agency. The negotiable CDs were not rated and are covered by FDIC. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State Statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the 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 federal agency securities and commercial paper are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial 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.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2021:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% to Total</u>
Amortized Cost:		
STAR Ohio	\$ 17,818,867	58.39
Fair Value:		
FHLMC	692,275	2.27
FNMA	500,005	1.64
FHLB	1,444,716	4.73
FFCB	499,285	1.64
Negotiable CD's	6,260,960	20.52
U.S. Government money market	3,430	0.01
Commercial paper	<u>3,298,194</u>	<u>10.80</u>
Total	<u>\$ 30,517,732</u>	<u>100.00</u>

E. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and cash equivalents as reported on the statement of net position as of June 30, 2021:

<u>Cash and cash equivalents per note</u>	
Carrying amount of deposits	\$ 1,348,570
Investments	30,517,732
Cash with escrow agent	10,577,945
Cash on hand	<u>350</u>
Total	<u>\$ 42,444,597</u>
 <u>Cash and cash equivalents per statement of net position</u>	
Governmental activities	<u>\$ 42,444,597</u>

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2021 consisted of the following interfund loans receivable and payable, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 519,626</u>

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

- B. Interfund transfers for the year ended June 30, 2021, consisted of the following, as reported in the fund financial statements:

Transfers to bond retirement fund from:

General fund	\$ 416,254
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Transfers to nonmajor governmental funds from:

General fund	<u>40,000</u>
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Total	<u>\$ 456,254</u>
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The primary purpose of these transfers is to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers made in fiscal year 2021 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the 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 property and public utility property. Real property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed values as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. 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 revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Public utility real and personal property taxes received in calendar year 2020 became a lien on December 31, 2019, were levied after April 1, 2020, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 6 - PROPERTY TAXES - (Continued)

The District receives property taxes from Pickaway County. The County Auditor periodically advances to the 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 2022 operations. The amount available as an advance at June 30, 2021 was \$1,206,114 in the general fund, \$378,059 in the bond retirement fund and \$82,492 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2020 was \$908,771 in the general fund, \$265,038 in the bond retirement fund and \$63,665 in the permanent improvement fund (a nonmajor governmental fund). 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.

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.

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

	2020 Second Half Collections		2021 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 264,183,920	87.38	\$ 309,146,720	88.85
Public utility personal	<u>38,142,720</u>	<u>12.62</u>	<u>38,800,480</u>	<u>11.15</u>
Total	<u>\$ 302,326,640</u>	<u>100.00</u>	<u>\$ 347,947,200</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$61.89		\$61.89	

NOTE 7 - SCHOOL DISTRICT INCOME TAX

In November 2005, the District passed a .75% continuing earned income only tax for general operations of the District. Employers and residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax is credited to the general fund.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 8 - RECEIVABLES

Receivables at June 30, 2021 consisted of taxes, payment in lieu of taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Property taxes	\$ 12,115,997
Income taxes	813,449
Payment in lieu of taxes	37,691
Accounts	6,065
Intergovernmental	1,236,623
Accrued interest	<u>73,459</u>
Total	<u>\$ 14,283,284</u>

Receivables have been disaggregated on the face of the financial statements. All receivables are expected to be collected within the subsequent year.

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

During a prior fiscal year, the District entered into a capitalized lease for copier equipment. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statement in the general fund.

Capital assets consisting of furniture and equipment have been capitalized in the amount of \$159,974. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2021 was \$79,987, leaving a current book value of \$79,987. A corresponding liability was recorded in the government-wide statement of net position.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2021:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 36,267
2023	36,267
2024	<u>3,021</u>
Total minimum lease payments	75,555
Less: amount representing interest	<u>(3,943)</u>
Total	<u>\$ 71,612</u>

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

NOTE 10 - CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2021</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,627,374	\$ -	\$ -	\$ 1,627,374
Construction in progress	97,760	306,105	(223,442)	180,423
Total capital assets, not being depreciated	<u>1,725,134</u>	<u>306,105</u>	<u>(223,442)</u>	<u>1,807,797</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	6,358,754	299,249	-	6,658,003
Buildings and improvements	64,778,607	70,459	-	64,849,066
Furniture and equipment	1,707,076	8,208	-	1,715,284
Vehicles	1,574,653	185,269	-	1,759,922
Total capital assets, being depreciated	<u>74,419,090</u>	<u>563,185</u>	<u>-</u>	<u>74,982,275</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,782,710)	(338,556)	-	(2,121,266)
Buildings and improvements	(10,649,840)	(1,752,034)	-	(12,401,874)
Furniture and equipment	(790,067)	(132,221)	-	(922,288)
Vehicles	(1,156,503)	(119,639)	-	(1,276,142)
Total accumulated depreciation	<u>(14,379,120)</u>	<u>(2,342,450)</u>	<u>-</u>	<u>(16,721,570)</u>
Governmental activities capital assets, net	<u>\$ 61,765,104</u>	<u>\$ (1,473,160)</u>	<u>\$ (223,442)</u>	<u>\$ 60,068,502</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 990,188
Special	412,268
Vocational	16,307
<u>Support services:</u>	
Pupil	93,145
Instructional staff	140,561
Administration	198,465
Operations and maintenance	231,756
Pupil transportation	117,894
<u>Operation of non-instructional services:</u>	
Food service operations	33,407
Other non-instructional services	15,981
Extracurricular	<u>92,478</u>
Total depreciation expense	<u>\$ 2,342,450</u>

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 11 - LONG-TERM OBLIGATIONS

A. During fiscal year 2021, the following changes occurred in governmental activities long-term obligations.

	<u>Balance</u> <u>6/30/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/21</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
Governmental activities:					
General obligation bonds:					
Series 2010A Bonds					
Current interest bonds	\$ 11,260,000	\$ -	\$ -	\$ 11,260,000	\$ -
Series 2014 refunding bonds					
Current interest bonds	9,090,000	-	-	9,090,000	-
Series 2015 refunding bonds					
Current interest bonds	8,835,000	-	-	8,835,000	-
Series 2016 refunding bonds					
Current interest bonds	<u>6,165,000</u>	<u>-</u>	<u>-</u>	<u>6,165,000</u>	<u>-</u>
Total general obligation bonds	<u>35,350,000</u>	<u>-</u>	<u>-</u>	<u>35,350,000</u>	<u>-</u>
Certificates of participation	7,000,000	-	-	7,000,000	-
Energy conservation note - direct borrowing	90,000	-	(29,000)	61,000	30,000
Capital lease	103,430	-	(31,818)	71,612	33,445
Net pension obligation	28,600,683	2,580,727	-	31,181,410	-
Net OPEB obligation/asset	2,621,241	-	(250,356)	2,370,885	-
Compensated absences	<u>1,578,034</u>	<u>195,428</u>	<u>(133,852)</u>	<u>1,639,610</u>	<u>135,059</u>
Total governmental activities long-term liabilities	<u>\$ 75,343,388</u>	<u>\$ 2,776,155</u>	<u>\$ (445,026)</u>	77,674,517	<u>\$ 198,504</u>
Add: unamortized premiums				<u>878,494</u>	
Total on statement of net position				<u>\$ 78,553,011</u>	

Compensated absences: Compensated absences will be paid from the fund which the employee's salaries are paid which, for the District, is primarily the general fund and the food service fund.

Capital lease: The capital lease obligation will be paid from the general fund. See Note 9 for details.

Net pension obligation: See Note 14 for details on the District's net pension obligation.

Net OPEB obligation/asset: See Note 15 for details on the District's net OPEB obligation/asset.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

- B. Series 2010A Qualified School Construction Bonds** - On August 11, 2010, the District issued \$11,260,000 in general obligation Qualified School Construction Bonds (QSCBs) for the purpose of improving school facilities. Principal and interest payments are made from the bond retirement fund.

The issue is comprised of current interest term bonds, par value \$11,260,000. The interest rate on the current interest bonds is 5.650%.

The QSCBs mature on November 1, 2025 in the amount of \$11,260,000. Interest payments on the current interest bonds are due on May 1 and November 1 of each year. The District receives a direct payment subsidy from the United States Treasury equal to 100% of the lesser of the interest payments on the bonds or the federal tax credits that would otherwise have been available to the holders of the bonds. The District records this subsidy from the federal government in the bond retirement fund to offset interest expenditures on the bonds. The QSCBs are subject to optional redemption and extraordinary optional redemption, at the sole discretion of the District, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date. On November 1 in each year 2011 through 2025, the District is required to make a mandatory deposit into a sinking fund that will provide for payment of the QSCBs upon maturity. The QSCBs are subject to mandatory sinking fund requirements in the following fiscal years and in the following amounts:

<u>Fiscal Year</u>	<u>Amounts Due</u>
2022	\$ 1,075,000
2023	1,075,000
2024	1,080,000
2025	1,160,000
2026	<u>1,160,000</u>
	<u>\$ 5,550,000</u>

The following is a summary of the District's future annual debt service requirements to maturity for the Series 2010A QSCBs:

<u>Fiscal Year</u>	<u>Current Interest - Series 2010A</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 636,190	\$ 636,190
2023	-	636,190	636,190
2024	-	636,190	636,190
2025	-	636,190	636,190
2026	<u>11,260,000</u>	<u>318,095</u>	<u>11,578,095</u>
Total	<u>\$ 11,260,000</u>	<u>\$ 2,862,855</u>	<u>\$ 14,122,855</u>

- C. Series 2010C Build America Bonds** - On August 26, 2010, the District issued \$24,600,000 in general obligation Build America Bonds (BABs), for the purpose of improving school facilities. Principal and interest payments were made from the bond retirement fund. During fiscal year 2016, the outstanding portion of the Series 2010C Build America Bonds were refunded with the Series 2015 and Series 2016 Refunding Bonds. As of June 30, 2021, \$15,390,000 of these bonds is considered defeased.

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

D. Series 2015 General Obligation Refunding Bonds

On December 17, 2015, the District issued General Obligation Refunding Bonds (Series 2015 refunding bonds). These bonds refunded \$8,900,000 of the Series 2010C issue. These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the bond retirement fund. On the government-wide financial statements, principal payments reduce the liability reported on the statement of net position.

This issue is comprised of current interest bonds, present value \$8,835,000 at June 30, 2021. The interest rates on the bonds range from 3.15% - 4.00%. Payments on the current interest bonds are due on May 1 and November 1 of each year. The final maturity stated in the issue is November 1, 2037.

The reacquisition price exceeded the net carrying amount of the old debt by \$76,978. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 23 years by \$1,185,760 and resulted in an economic gain of \$881,366.

The following is a summary of the District's future annual debt service requirements to maturity for the Series 2015 refunding bonds:

<u>Fiscal Year</u>	<u>Series 2015 Refunding Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 310,603	\$ 310,603
2023	-	310,603	310,603
2024	-	310,603	310,603
2025	-	310,603	310,603
2026	-	310,603	310,603
2027 - 2031	-	1,553,015	1,553,015
2032 - 2036	5,035,000	1,318,260	6,353,260
2037 - 2038	<u>3,800,000</u>	<u>153,391</u>	<u>3,953,391</u>
Total	<u>\$ 8,835,000</u>	<u>\$ 4,577,681</u>	<u>\$ 13,412,681</u>

E. Series 2016 General Obligation Refunding Bonds

On March 2, 2016, the District issued General Obligation Refunding Bonds (Series 2016 refunding bonds). These bonds refunded \$6,490,000 of the Series 2010C issue. These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the bond retirement fund. On the government-wide financial statements, principal payments reduce the liability reported on the statement of net position.

This issue is comprised of current interest bonds, present value \$6,165,000 at June 30, 2021. The interest rates on the bonds is 4.00%. Payments on the current interest bonds are due on May 1 and November 1 of each year. The final maturity stated in the issue is November 1, 2040.

The reacquisition price exceeded the net carrying amount of the old debt by \$138,562. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 26 years by \$1,102,506 and resulted in an economic gain of \$760,505.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the District's future annual debt service requirements to maturity for the Series 2016 refunding bonds:

Fiscal Year	Series 2016 Refunding Bonds		
	Principal	Interest	Total
2022	\$ -	\$ 246,600	\$ 246,600
2023	-	246,600	246,600
2024	-	246,600	246,600
2025	-	246,600	246,600
2026	-	246,600	246,600
2027 - 2031	-	1,233,000	1,233,000
2032 - 2036	-	1,233,000	1,233,000
2037 - 2041	6,165,000	870,700	7,035,700
Total	\$ 6,165,000	\$ 4,569,700	\$ 10,734,700

- F. Series 2014 Refunding Bonds - On August 12, 2014, the District issued General Obligation Refunding Bonds (Series 2014 refunding bonds). These bonds refunded \$9,210,000 Series 2010C bonds. These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the bond retirement fund. On the government-wide financial statements, principal payments reduce the liability reported on the statement of net position.

The interest rates on the bonds range from 2.00% - 4.00%. Payments on the current interest bonds are due on May 1 and November 1 of each year. The final maturity stated in the issue is November 1, 2032.

The net carrying amount of the old debt exceeded the reacquisition price by \$165,609. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 17 years by \$682,033 and resulted in an economic gain of \$515,602.

The following is a summary of the District's future annual debt service requirements, including mandatory sinking fund deposits, to maturity for the Series 2014 BABs:

Fiscal Year	Current Interest - Series 2014		
	Principal	Interest	Total
2022	\$ -	\$ 327,175	\$ 327,175
2023	-	327,175	327,175
2024	-	327,175	327,175
2025	-	327,175	327,175
2026	-	327,175	327,175
2027 - 2031	6,170,000	1,142,963	7,312,963
2032 - 2033	2,920,000	117,800	3,037,800
Total	\$ 9,090,000	\$ 2,896,638	\$ 11,986,638

- G. Series 2010 Certificates of Participation ("COPs") - On February 15, 2011, the District issued \$7,000,000 in Certificates of Participation ("COPs") for the purpose of improving school facilities. Principal and sinking fund payments are made from the bond retirement fund. Interest payments are made from the general fund. The interest rate on the COPs is 7.00%.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The COPs require the District to make mandatory sinking fund deposits beginning December 1, 2011. The sinking fund deposits will result in a balloon principal payment of \$7,000,000 made on December 1, 2026. Sinking fund deposits will be made on December 1, in the following fiscal years and in the following amounts:

Fiscal Year	Amounts Due
2022	\$ 509,836
2023	522,582
2024	535,647
2025	549,038
2026	562,764
2027	576,833
Total	\$ 3,256,700

Interest payments on the COPs are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2026.

The following is a summary of the District's future annual debt service requirements to maturity for the Series 2010 COPs:

Fiscal Year	Series 2010 COPs		
	Principal	Interest	Total
2022	\$ -	\$ 490,000	\$ 490,000
2023	-	490,000	490,000
2024	-	490,000	490,000
2025	-	490,000	490,000
2026	-	245,000	245,000
2027	7,000,000	490,000	7,490,000
Total	\$ 7,000,000	\$ 2,695,000	\$ 9,695,000

- H.** During fiscal year 2008, the District issued energy conservation notes to provide for energy improvements to various District buildings. The notes bear an interest rate of 4.117% and will mature on December 1, 2022. This is a direct borrowing. The primary source of repayment of these notes is through energy savings as a result of the improvements. Energy improvements made to the District's buildings from the note issue were for maintenance and repairs and therefore were not capitalized.

Payments of principal and interest relating to the energy conservation notes are recorded as expenditures in the general fund. The unmatured obligations at year end are accounted for in the statement of net position.

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the District's future annual debt service requirements to maturity for the energy conservation notes:

Fiscal Year	Energy Conservation Notes		
	Principal	Interest	Total
2022	\$ 30,000	\$ 1,894	\$ 31,894
2023	31,000	638	31,638
Total	\$ 61,000	\$ 2,532	\$ 63,532

I. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

Revised Code Section 133.06(I) permits school districts to incur net indebtedness in excess of the 9% limitation, without obtaining the consent of the State Superintendent and the Tax Commissioner, when bond proceeds will be used exclusively to fund a school district's Commission-required local effort. Accordingly, the proceeds of the bonds will be used exclusively to fund the District's Commission-required local effort, and, as a result, are not subject to State consents/special needs approval.

NOTE 12 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Only administrative and support personnel who are under a full year contract (260 days) are eligible for vacation time. The administrators are generally granted a minimum of 20 days of vacation per year.

Classified employees earn 10 to 20 days of vacation per year, depending upon length of service. Vacation time, which is unused as of the employee's anniversary date, can be carried over to a subsequent year, with a maximum of 3 years accrual (60 days). Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

The classified personnel accumulate vacation based on the following schedule:

Years of Service	Vacation Days
1 - 6	10
7 - 10	15
11 - 15	18
16 - beyond	20

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 12 - EMPLOYEE BENEFITS - (Continued)

Each employee earns sick leave at the rate of one and quarter days per month. Sick leave shall accumulate during active employment on a continuous year-to-date basis. Maximum sick leave accumulation for classified and certified employees is 260 days, if hired prior to July 1, 2013. If hired after July 1, 2013, the maximum sick leave accumulation is 130 days for classified employees.

For all employees, retirement severance is paid to each employee retiring from the District at a per diem rate of the annual salary at the time of retirement. If the employee has been employed by the District for a minimum of 10 consecutive years at the time of retirement, they will receive 23.75% of the value for each day of accrued sick leave, not to exceed 62 days. If the employee has less than 10 consecutive years, they will receive pay in accordance with the ORC.

NOTE 13 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General liability insurance is maintained in the amount of \$1,000,000 for each occurrence and \$2,000,000 aggregate. In addition, the District maintains a \$2,000,000 umbrella liability policy.

The District maintains fleet insurance in the amount of \$1,000,000 for any one accident or loss and \$1,000,000 for excess auto liability.

The District maintains replacement cost insurance on buildings and contents in the amount of \$76,011,016.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

B. Health Care Benefits

Effective July 1, 2009, the District began offering health care benefits to employees through the PCPEBP, a public entity shared risk pool, currently operating as a common risk management and insurance program for 4 member school districts. The PCPEBP was organized to provide health care benefits to its members. In 2021, the PCPEBP added the Pickaway County ESC to its membership. Bringing the total to 5 member districts.

The District pays 80% of the health care premiums for all full-time certified employees on the family plan and 90% for full time certified employees on the single plan. The District pays 80% of the health care premiums for all full-time classified employees on the family and/or single plan. No benefits are offered to employees working part-time. Part-time is defined as less than five hours per day. The health care coverage is administered by United Healthcare, a third party administrator. The stop-loss coverage is \$150,000 per covered person and an aggregate of \$2,000,000.

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

NOTE 13 - RISK MANAGEMENT - (Continued)

C. Workers' Compensation Rating Program

For fiscal year 2021 the District participated in the OASBO/Sheakley UniServe Workers' Compensation Group Retrospective Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of their tiered group. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniServe provides administrative, cost control and actuarial services to the GRP.

NOTE 14 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 15 for the required OPEB disclosures.

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

Plan Description - The 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.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or 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% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the start of a COLA for future retirees. For 2021, the COLA was 0.5%.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% 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% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0%.

The District's contractually required contribution to SERS was \$535,136 for fiscal year 2021. Of this amount, \$40,075 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, 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 website at www.strsoh.org.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) 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% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. 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.

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

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

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

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

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

The District's contractually required contribution to STRS was \$1,691,113 for fiscal year 2021. Of this amount, \$305,976 is reported as pension and postemployment benefits payable.

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected 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	0.10507350%	0.10090236%	
Proportion of the net pension liability current measurement date	<u>0.11021800%</u>	<u>0.09873914%</u>	
Change in proportionate share	<u>0.00514450%</u>	<u>-0.00216322%</u>	
Proportionate share of the net pension liability	\$ 7,290,051	\$ 23,891,359	\$ 31,181,410
Pension expense	\$ 930,992	\$ 2,607,222	\$ 3,538,214

At June 30, 2021, the 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	\$ 14,160	\$ 53,608	\$ 67,768
Net difference between projected and actual earnings on pension plan investments	462,772	1,161,840	1,624,612
Changes of assumptions	-	1,282,503	1,282,503
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	175,083	-	175,083
Contributions subsequent to the measurement date	<u>535,136</u>	<u>1,691,113</u>	<u>2,226,249</u>
Total deferred outflows of resources	<u>\$ 1,187,151</u>	<u>\$ 4,189,064</u>	<u>\$ 5,376,215</u>

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 152,769	\$ 152,769
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>5,434</u>	<u>746,222</u>	<u>751,656</u>
Total deferred inflows of resources	<u>\$ 5,434</u>	<u>\$ 898,991</u>	<u>\$ 904,425</u>

\$2,226,249 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2022	\$ 104,188	\$ 457,702	\$ 561,890
2023	204,615	211,298	415,913
2024	192,892	502,230	695,122
2025	<u>144,886</u>	<u>427,730</u>	<u>572,616</u>
Total	<u>\$ 646,581</u>	<u>\$ 1,598,960</u>	<u>\$ 2,245,541</u>

Actuarial Assumptions - SERS

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

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.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investment expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2020, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the 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.

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

The long-term return expectation for the Pension Plan Investments has been determined 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 average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Equity	22.50	5.75
International Equity	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	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50%). 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.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 9,986,479	\$ 7,290,051	\$ 5,027,696

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 are presented below:

	July 1, 2020
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

For the July 1, 2020, actuarial valuation, 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.

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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:

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

**10-Year 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’ 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% 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. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not 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% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the 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%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 34,017,135	\$ 23,891,359	\$ 15,310,606

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 14 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the District's surcharge obligation was \$52,516.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$52,516 for fiscal year 2021. Of this amount, \$52,516 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

**CIRCLEVILLE CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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% of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.10423300%	0.10090236%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.10909010%</u>	<u>0.09873914%</u>	
Change in proportionate share	<u>0.00485710%</u>	<u>-0.00216322%</u>	
Proportionate share of the net OPEB liability	\$ 2,370,885	\$ -	\$ 2,370,885
Proportionate share of the net OPEB asset	\$ -	\$ (1,735,340)	\$ (1,735,340)
OPEB expense	\$ (7,761)	\$ (125,756)	\$ (133,517)

At June 30, 2021, the 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	\$ 31,138	\$ 111,195	\$ 142,333
Net difference between projected and actual earnings on OPEB plan investments	26,716	60,819	87,535
Changes of assumptions	404,154	28,646	432,800
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	168,934	-	168,934
Contributions subsequent to the measurement date	<u>52,516</u>	<u>-</u>	<u>52,516</u>
Total deferred outflows of resources	<u>\$ 683,458</u>	<u>\$ 200,660</u>	<u>\$ 884,118</u>

**CIRCLEVILLE CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 1,205,761	\$ 345,655	\$ 1,551,416
Changes of assumptions	59,718	1,648,283	1,708,001
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>63,583</u>	<u>73,112</u>	<u>136,695</u>
Total deferred inflows of resources	<u>\$ 1,329,062</u>	<u>\$ 2,067,050</u>	<u>\$ 3,396,112</u>

\$52,516 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ (136,037)	\$ (470,684)	\$ (606,721)
2023	(134,105)	(429,519)	(563,624)
2024	(134,417)	(415,080)	(549,497)
2025	(146,145)	(385,972)	(532,117)
2026	(112,295)	(80,777)	(193,072)
Thereafter	<u>(35,121)</u>	<u>(84,358)</u>	<u>(119,479)</u>
Total	<u>\$ (698,120)</u>	<u>\$ (1,866,390)</u>	<u>\$ (2,564,510)</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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Measurement date	2.45%
Prior measurement date	3.13%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	2.63%
Prior measurement date	3.22%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

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. RP-2000 Disabled Mortality Table with 90% for male rates and 100% 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%, 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.

**CIRCLEVILLE CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 Equity	22.50	5.75
International Equity	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	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22%. 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% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% 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%, 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. A municipal bond rate of 3.13% was used as of June 30, 2019. 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 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 (7.00% decreasing to 4.75%).

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 2,901,904	\$ 2,370,885	\$ 1,948,725

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,866,891	\$ 2,370,885	\$ 3,044,853

**CIRCLEVILLE CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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, compared with July 1, 2019, are presented below:

	July 1, 2020		July 1, 2019	
	Initial	Ultimate	Initial	Ultimate
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
Medical				
Pre-Medicare	5.00%	4.00%	5.87%	4.00%
Medicare	-6.69%	4.00%	4.93%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	7.73%	4.00%
Medicare	11.87%	4.00%	9.62%	4.00%

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% 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. For disabled retirees, 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.

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.

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2019.

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 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.

**CIRCLEVILLE CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

**10-Year 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' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB asset was 7.45% 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% was used to measure the total OPEB asset as of June 30, 2020.

Sensitivity of the 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%, 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%) or one percentage point higher (8.45%) 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	Current Discount Rate	1% Increase
	District's proportionate share of the net OPEB asset	\$ 1,509,858	\$ 1,735,340

	1% Decrease	Current Trend Rate	1% Increase
	District's proportionate share of the net OPEB asset	\$ 1,914,776	\$ 1,735,340

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

**CIRCLEVILLE CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis); and,
- (f) Investments are reported at fair value (GAAP basis) rather than at cost (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 1,059,445
Net adjustment for revenue accruals	(249,846)
Net adjustment for expenditure accruals	480,002
Net adjustment for other sources/uses	106,668
Funds budgeted elsewhere	(239,651)
Adjustment for encumbrances	1,384,350
GAAP basis	\$ 2,540,968

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the special trust fund, the public school support fund and the self-insurance fund.

**CIRCLEVILLE CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 17 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement 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 District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is not involved in pending litigation that would have a material effect on the financial condition of the District.

C. Foundation Funding

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. The Ohio Department of Education finalized the impact of the enrollment adjustments for the June 30, 2021 foundation funding period for the District on November 12, 2021 noting there was no financial impact and therefore will not be disclosed.

NOTE 18 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	Capital <u>Improvements</u>
Set-aside balance June 30, 2020	\$ -
Current year set-aside requirement	396,034
Current year qualifying expenditures	(23,868)
Current year offsets	<u>(715,830)</u>
Total	<u>\$ (343,664)</u>
Balance carried forward to fiscal year 2022	<u>\$ -</u>
Set-aside balance June 30, 2021	<u>\$ -</u>

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 18 - SET-ASIDES - (Continued)

During fiscal year 2011, the District issued \$44,917,618 in capital related school improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount to below zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$44,917,618 at June 30, 2021.

NOTE 19 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year - End Encumbrances</u>
General	\$ 1,027,715
Other governmental	<u>174,194</u>
Total	<u>\$ 1,201,909</u>

NOTE 20 – COVID-19

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

NOTE 21 - CONTRACTUAL COMMITMENTS

As of June 30, 2021, the District had the following contractual commitments outstanding related to a tennis court project. A summary of the primary contractual commitments follows:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Paid Through June 30, 2021</u>	<u>Remaining Contract Amount</u>
Roose Brothers Paving	<u>\$ 300,705</u>	<u>\$ -</u>	<u>\$ 300,705</u>

NOTE 22 - SUBSEQUENT EVENT

For fiscal year 2022, 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 District were funded to the District who, in turn, made the payment to the educating school. For fiscal year 2021, the District reported \$1,368,122 in revenues and expenditures/expenses related to these programs. Also, during fiscal year 2021, the District reported \$943,479 in tuition and fees from the resident school districts which will be direct funded to the 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 District. The 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.

REQUIRED SUPPLEMENTARY INFORMATION

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.11021800%	0.10507350%	0.10559300%	0.09875830%
District's proportionate share of the net pension liability	\$ 7,290,051	\$ 6,286,732	\$ 6,047,507	\$ 5,900,590
District's covered payroll	\$ 3,735,950	\$ 3,621,615	\$ 3,525,533	\$ 3,232,236
District's proportionate share of the net pension liability as a percentage of its covered payroll	195.13%	173.59%	171.53%	182.55%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.10605350%	0.10767710%	0.09980500%	0.09980500%
\$ 7,762,138	\$ 6,144,160	\$ 5,051,074	\$ 5,935,083
\$ 3,244,829	\$ 3,241,646	\$ 2,900,137	\$ 2,771,705
239.22%	189.54%	174.17%	214.13%
62.98%	69.16%	71.70%	65.52%

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.09873914%	0.10090236%	0.10207154%	0.10223681%
District's proportionate share of the net pension liability	\$ 23,891,359	\$ 22,313,951	\$ 22,443,240	\$ 24,286,573
District's covered payroll	\$ 11,918,236	\$ 11,898,157	\$ 11,801,843	\$ 11,030,943
District's proportionate share of the net pension liability as a percentage of its covered payroll	200.46%	187.54%	190.17%	220.17%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.10487864%	0.10652520%	0.10586152%	0.10586152%
\$ 35,106,042	\$ 29,440,449	\$ 25,749,185	\$ 30,672,261
\$ 11,469,879	\$ 11,114,121	\$ 10,816,123	\$ 11,391,754
306.07%	264.89%	238.06%	269.25%
66.80%	72.10%	74.70%	69.30%

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 535,136	\$ 523,033	\$ 488,918	\$ 475,947
Contributions in relation to the contractually required contribution	<u>(535,136)</u>	<u>(523,033)</u>	<u>(488,918)</u>	<u>(475,947)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,822,400	\$ 3,735,950	\$ 3,621,615	\$ 3,525,533
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 452,513	\$ 454,276	\$ 427,249	\$ 401,959	\$ 383,604	\$ 421,789
<u>(452,513)</u>	<u>(454,276)</u>	<u>(427,249)</u>	<u>(401,959)</u>	<u>(383,604)</u>	<u>(421,789)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,232,236	\$ 3,244,829	\$ 3,241,646	\$ 2,900,137	\$ 2,771,705	\$ 3,135,978
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,691,113	\$ 1,668,553	\$ 1,665,742	\$ 1,652,258
Contributions in relation to the contractually required contribution	<u>(1,691,113)</u>	<u>(1,668,553)</u>	<u>(1,665,742)</u>	<u>(1,652,258)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 12,079,379	\$ 11,918,236	\$ 11,898,157	\$ 11,801,843
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 1,544,332	\$ 1,605,783	\$ 1,555,977	\$ 1,406,096	\$ 1,480,928	\$ 1,424,232
<u>(1,544,332)</u>	<u>(1,605,783)</u>	<u>(1,555,977)</u>	<u>(1,406,096)</u>	<u>(1,480,928)</u>	<u>(1,424,232)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 11,030,943	\$ 11,469,879	\$ 11,114,121	\$ 10,816,123	\$ 11,391,754	\$ 10,955,631
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.10909010%	0.10423300%	0.10665150%	0.10024190%	0.10735893%
District's proportionate share of the net OPEB liability	\$ 2,370,885	\$ 2,621,241	\$ 2,958,801	\$ 2,690,229	\$ 3,060,127
District's covered payroll	\$ 3,735,950	\$ 3,621,615	\$ 3,525,533	\$ 3,232,236	\$ 3,244,829
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	63.46%	72.38%	83.92%	83.23%	94.31%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/(ASSET)
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability/(asset)	0.09873914%	0.10090236%	0.10207154%	0.10223681%	0.10487864%
District's proportionate share of the net OPEB liability/(asset)	\$ (1,735,340)	\$ (1,671,185)	\$ (1,640,185)	\$ 3,988,903	\$ 5,608,937
District's covered payroll	\$ 11,918,236	\$ 11,898,157	\$ 11,801,843	\$ 11,030,943	\$ 11,469,879
District's proportionate share of the net OPEB liability/(asset) as a percentage of its covered payroll	14.56%	14.05%	(13.90%)	36.16%	48.90%
Plan fiduciary net position as a percentage of the total OPEB liability/(asset)	182.10%	174.70%	176.00%	47.10%	37.33%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 52,516	\$ 45,095	\$ 65,576	\$ 73,147
Contributions in relation to the contractually required contribution	<u>(52,516)</u>	<u>(45,095)</u>	<u>(65,576)</u>	<u>(73,147)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,822,400	\$ 3,735,950	\$ 3,621,615	\$ 3,525,533
Contributions as a percentage of covered payroll	1.37%	1.21%	1.81%	2.07%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 54,750	\$ 53,831	\$ 71,376	\$ 42,735	\$ 49,221	\$ 71,203
<u>(54,750)</u>	<u>(53,831)</u>	<u>(71,376)</u>	<u>(42,735)</u>	<u>(49,221)</u>	<u>(71,203)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,232,236	\$ 3,244,829	\$ 3,241,646	\$ 2,900,137	\$ 2,771,705	\$ 3,135,978
1.69%	1.66%	2.20%	1.47%	1.78%	2.27%

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 12,079,379	\$ 11,918,236	\$ 11,898,157	\$ 11,801,843
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ 111,834	\$ 113,918	\$ 109,556
-	-	-	(111,834)	(113,918)	(109,556)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 11,030,943	\$ 11,469,879	\$ 11,114,121	\$ 10,816,123	\$ 11,391,754	\$ 10,955,631
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. 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, (g) mortality among disabled members 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 and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2021.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2021.

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2021.

(Continued)

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) 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 the following: 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, (g) mortality among disabled members was updated to the following: 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) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%. For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% 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, 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.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) 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 and (e) 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 following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate. For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.

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**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department Of Education:</i>			
Child Nutrition Cluster			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program Cash Assistance	10.555	N/A	\$ 32,465
National School Lunch Program	10.555	N/A	1,933
COVID-19 National School Lunch Program	10.555	N/A	11,308
Total National School Lunch Program			<u>45,706</u>
Cash Assistance COVID-19 School Breakfast Program	10.553	N/A	4,347
Summer Food Service Program for Children	10.559	N/A	857,755
COVID-19 Summer Food Service Program for Children	10.559	N/A	143,044
Total Summer Food Service Program for Children			<u>1,000,799</u>
Total Child Nutrition Cluster			1,050,852
Fresh Fruit and Vegetable Program	10.582	N/A	36,895
Total U.S. Department of Agriculture			<u>1,087,747</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education - Grants to States Program	84.027A	N/A	567,943
Special Education - Preschool Grants	84.173A	N/A	13,394
Total Special Education Cluster			<u>581,337</u>
Title I Grants to Local Educational Agencies	84.010A	N/A	840,122
Twenty-First Century Community Learning Centers	84.287C	N/A	161,373
Supporting Effective Instruction State Grants	84.367A	N/A	103,746
Student Support and Academic Enrichment Program	84.424A	N/A	54,860
Rural Education	84.358B	N/A	39,968
Striving Readers	84.371C	N/A	122,404
COVID-19 Education Stabilization Fund	84.425D	N/A	525,408
Total U.S. Department of Education			<u>2,429,218</u>
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Ohio Department of Education:</i>			
COVID-19 Coronavirus Relief Fund (Broadband Ohio Connectivity)	21.019	N/A	20,000
COVID-19 Coronavirus Relief Fund (Rural and Small Town SD)	21.019	N/A	114,628
Total U.S. Department of Treasury			<u>134,628</u>
Total Expenditures of Federal Awards			<u>\$ 3,651,593</u>

The accompanying notes are an integral part of this schedule.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY 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 Circleville City School District (the 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 District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE’s consent, schools can transfer unobligated amounts to the subsequent fiscal year’s program. The District transferred the following amounts from 2021 to 2022 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amt. Transferred</u>
21st Century Community Learning Centers	84.287C	\$ 58,508

OHIO AUDITOR OF STATE KEITH FABER



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

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

Circleville City School District
Pickaway County
388 Clark Drive
Circleville, Ohio 43113

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 Circleville City School District, Pickaway County, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 25, 2022, wherein we also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

May 25, 2022

OHIO AUDITOR OF STATE KEITH FABER



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

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

Circleville City School District
Pickaway County
388 Clark Drive
Circleville, Ohio 43113

To the Board of Education:

Report on Compliance for each Major Federal Program

We have audited Circleville City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Circleville City School District's major federal programs for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

May 25, 2022

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY 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):	Special Education Cluster AL# 84.027/84.173 Education Stabilization Fund AL#84.425D
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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OHIO AUDITOR OF STATE KEITH FABER



CIRCLEVILLE CITY SCHOOL DISTRICT

PICKAWAY 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 6/16/2022

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

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