OHIO AUDITOR OF STATE
KEITH FABER

NEW PHILADELPHIA CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY
JUNE 30, 2021

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet Governmental Funds	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund	22
Statement of Fund Net Position Proprietary Fund	23
Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Fund	24
Statement of Cash Flows Proprietary Fund	25
Notes to the Basic Financial Statements	27

NEW PHILADELPHIA CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY
JUNE 30, 2021

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability (School Employees Retirement System of Ohio)	84
Schedule of the School District's Proportionate Share of the Net OPEB Liability (School Employees Retirement System of Ohio)	86
Schedule of the School District's Proportionate Share of the Net Pension Liability (State Teachers Retirement System of Ohio)	88
Schedule of the School District's Proportionate Share of the Net OPEB Asset/Liability (State Teachers Retirement System of Ohio)	90
Schedule of the School District's Contributions (School Employees Retirement System of Ohio)	92
Schedule of the School District's Contributions (State Teachers Retirement System of Ohio)	94
Notes to the Required Supplementary Information	96
Schedule of Expenditures of Federal Awards	99
Notes to the Schedule of Expenditures of Federal Awards	101
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*	103
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	105
Schedule of Findings	109
Prepared by Management:	
Summary Schedule of Prior Audit Findings	111
Corrective Action Plan	113

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INDEPENDENT AUDITOR'S REPORT

New Philadelphia City School District
Tuscarawas County
248 Front Avenue, SW
New Philadelphia, Ohio 44663

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, the major fund, and the aggregate remaining fund information of the New Philadelphia City School District, Tuscarawas County, Ohio (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2021, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. As discussed in Note 26 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District. We did not modify our audit opinion regarding to these matters.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

The 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 April 29, 2022 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

April 29, 2022

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It is a privilege to present to you the financial picture of the New Philadelphia City School District (the "School District"). This discussion and analysis of the School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance. The financial statements of the component units are issued as separate reports and are available by contacting the Quaker Digital Academy (the "Academy") and the Quaker Preparatory Academy (the "Academy").

Financial Highlights

Key financial highlights for the 2021 fiscal year are as follows:

- The decrease in net position was mainly due to the increase in program expenses, primarily an increase in regular instruction as a result of the pandemic, as well as a base salary increase.

- Revenues increased from the prior fiscal year due to Elementary and Secondary School Emergency Relief and Coronavirus Relief Fund grants, an increase in State funding for student wellness and success, and an increase in State Foundation formula funding.

- During fiscal year 2021, the School District issued a $2,000,000 tax anticipation note for the purpose of paying current expenses of the School District during the fiscal year, and it was repaid from the general fund upon collection of current property tax revenues. The need for the tax anticipation note was due to tax advances not being available as early in the first half of calendar year 2021, due to the County's sending tax bills at a later date because of the pandemic.

Using this Financial Report

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

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-83 of this report.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

Proprietary Funds The School District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District's internal service fund accounts for a health and vision insurance program, which provides medical benefits to employees. This fund uses the accrual basis of accounting.

The School District as a Whole

You may recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a comparison of the School District's net position for fiscal year 2021 compared to 2020:

Table 1
Net Position
Governmental Activities

	2021	Restated 2020	Change
Assets			
Current and Other Assets	$24,337,381	$24,150,733	$186,648
Net OPEB Asset	2,300,337	2,149,590	150,747
Capital Assets, Net	13,229,518	13,636,457	(406,939)
Total Assets	39,867,236	39,936,780	(69,544)
Deferred Outflows of Resources			
Pension	7,102,675	7,341,287	(238,612)
OPEB	1,120,054	874,631	245,423
Total Deferred Outflows of Resources	8,222,729	8,215,918	6,811
Liabilities			
Current Liabilities	4,497,832	4,174,349	323,483
Long-Term Liabilities:			
Due Within One Year	325,045	473,060	(148,015)
Due in More Than One Year:			
Net Pension Liability	39,453,827	35,671,396	3,782,431
Net OPEB Liability	2,648,551	3,010,113	(361,562)
Other Amounts	1,526,802	1,693,383	(166,581)
Total Liabilities	48,452,057	45,022,301	3,429,756
Deferred Inflows of Resources			
Property Taxes	14,024,120	13,758,514	265,606
Pension	336,941	1,879,931	(1,542,990)
OPEB	4,111,628	3,501,395	610,233
Total Deferred Inflows of Resources	18,472,689	19,139,840	(667,151)
Net Position			
Net Investment in Capital Assets	12,839,025	13,117,505	(278,480)
Restricted	3,704,206	3,321,342	382,864
Unrestricted (Deficit)	(35,378,012)	(32,448,290)	(2,929,722)
Total Net Position	($18,834,781)	($16,009,443)	($2,825,338)

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2021. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange; however, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

By comparing assets, deferred outflows of resources, liabilities, and deferred inflows of resources, one can see the overall position of the School District has deteriorated as evidenced by the decrease in net position. Unrestricted net position caused this decrease primarily as a result of the increase in the net pension liability.

Total assets decreased slightly for fiscal year 2021 due to the decrease in capital assets. The increase in current assets was primarily related to increases in property taxes receivable and equity in pooled cash and cash equivalents. The increase in property taxes receivable was due to an increase in the County Auditor's estimate for fiscal year 2022.

Deferred outflows of resources were comparable to the prior fiscal year, with changes for pension and OPEB offsetting each other.

Liabilities increased mainly due to an increase in the net pension liability, which represents the School District's proportionate share of the unfunded pension benefits of the SERS and STRS plans. As indicated previously, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability. Current liabilities also increased in fiscal year 2021 due to increases in accounts payable, accrued wages and benefits payable, intergovernmental payable, and matured compensated absences payable. Amounts due within one year and other amounts due in more than one year decreased as the School District continued paying down debt and due to a decrease in the compensated absences liability.

Total deferred inflows of resources decreased from the prior fiscal year due to the decrease in deferred inflows related to pension.

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

Table 2
Change in Net Position
Governmental Activities

	2021	Restated 2020	Change
Revenues			
Program Revenues			
Charges for Services	$1,985,434	$2,436,753	($451,319)
Operating Grants, Contributions, and Interest	6,692,280	5,725,123	967,157
Capital Grants and Contributions	56,482	19,056	37,426
Total Program Revenues	8,734,196	8,180,932	553,264
General Revenues			
Property Taxes	16,336,250	16,333,968	2,282
Payments in Lieu of Taxes	65,957	0	65,957
Grants and Entitlements	13,643,379	13,287,558	355,821
Investment Earnings	(89,272)	218,481	(307,753)
Miscellaneous	340,131	144,833	195,298
Total General Revenues	30,296,445	29,984,840	311,605
Total Revenues	39,030,641	38,165,772	864,869
Program Expenses			
Instruction:			
Regular	19,183,564	17,748,002	1,435,562
Special	7,125,303	7,057,778	67,525
Vocational	363,867	328,050	35,817
Support Services:			
Pupil	2,085,459	2,069,315	16,144
Instructional Staff	557,808	579,917	(22,109)
Board of Education	204,113	277,358	(73,245)
Administration	3,121,177	3,066,259	54,918
Fiscal	841,073	891,748	(50,675)
Operation and Maintenance of Plant	2,987,804	2,962,567	25,237
Pupil Transportation	1,185,276	1,142,882	42,394
Central	299,201	101,217	197,984
Operation of Food Services	913,977	899,422	14,555
Operation of Non-Instructional Services	1,698,019	1,326,282	371,737
Extracurricular Activities	1,265,716	1,453,563	(187,847)
Interest and Fiscal Charges	23,622	18,947	4,675
Total Program Expenses	41,855,979	39,923,307	1,932,672
Change in Net Position	(2,825,338)	(1,757,535)	(1,067,803)
Net Position Beginning of Year	(16,009,443)	(14,251,908)	(1,757,535)
Net Position End of Year	($18,834,781)	($16,009,443)	($2,825,338)

Governmental Activities

General revenues accounted for the majority of all revenues. Specific program revenues in the form of charges for services, operating grants, contributions, and interest, and capital grants and contributions accounted for the remaining portion of total revenues.

Several revenue sources fund governmental activities, with property taxes being the largest contributor. The last increase in property tax levies by the citizens of the School District was in November 2017, when they passed a replacement and increase permanent improvement levy of 1.0 mill, which began collection in calendar year 2019. In addition, the emergency levy that was originally approved by the voters in 2014 was renewed in May 2018 for an additional five years. Property tax revenues were comparable to the prior fiscal year.

Grants and entitlements, with the majority coming from the School Foundation program, is the other significant revenue contributor. With the combination of taxes and grants and entitlements funding the significant portion of all expenses in governmental activities, the School District monitors both of these revenue sources very closely for fluctuations. The increase in grants and entitlements for fiscal year 2021 was due to an increase in foundation funding, since the fiscal year 2021 foundation funding reduction was less than the fiscal year 2020 reduction ordered by the Governor in response to the pandemic.

Operating grants, contributions, and interest program revenues increased in fiscal year 2021 mainly due to Elementary and Secondary School Emergency Relief and Coronavirus Relief Fund grants, as well as an increase in State funding for student wellness and success.

Instruction composes the most significant portion of governmental program expenses. The largest component of the increase in program expenses was related to increases in materials and supplies and purchased services, as well as an increase in salaries related to regular instruction. The increases in materials and supplies and purchased services expenses were due to the pandemic, and the increase in salaries was due to a base increase during negotiations.

Central support services also increased from the prior fiscal year, mainly due to increases in materials and supplies and purchased services expenses as a result of offering the Virtual Academy (NPVA) due to the pandemic.

Another increase in expenses was for the operation of non-instructional services, mainly due to an increase in purchased services related to shared services. This increase was due to the need for cleaning supplies and tracking of the COVID-19 virus.

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

Table 3
Total and Net Cost of Program Services
Governmental Activities

	Total Cost of Services 2021	Net Cost of Services 2021	Restated Total Cost of Services 2020	Restated Net Cost of Services 2020
Program Expenses				
Instruction:				
Regular	$19,183,564	$17,260,403	$17,748,002	$16,456,176
Special	7,125,303	3,829,761	7,057,778	3,539,658
Vocational	363,867	289,167	328,050	253,350
Support Services:				
Pupil	2,085,459	1,200,164	2,069,315	1,413,876
Instructional Staff	557,808	356,496	579,917	378,988
Board of Education	204,113	204,113	277,358	277,358
Administration	3,121,177	3,006,552	3,066,259	2,937,863
Fiscal	841,073	841,073	891,748	891,748
Operation and Maintenance of Plant	2,987,804	2,896,065	2,962,567	2,875,169
Pupil Transportation	1,185,276	1,106,314	1,142,882	1,112,617
Central	299,201	263,977	101,217	101,217
Operation of Food Services	913,977	29,479	899,422	(42,205)
Operation of Non-Instructional Services	1,698,019	1,011,049	1,326,282	720,901
Extracurricular Activities	1,265,716	803,548	1,453,563	806,712
Interest and Fiscal Charges	23,622	23,622	18,947	18,947
Total	$41,855,979	$33,121,783	$39,923,307	$31,742,375

The dependence upon general revenues for governmental activities is apparent; the majority of expenses are supported through property taxes, grants and entitlements, and other general revenues.

The School District's Funds

Information about the School District's major fund starts on page 18. These funds are accounted for using the modified accrual basis of accounting. The increase in total revenues, primarily the increase intergovernmental revenue, was mostly offset by a corresponding increase in expenditures, resulting in a decrease in fund balance for total governmental funds for fiscal year 2021 as expenditures continued to outpace revenues. The increase in intergovernmental revenues was mainly due to the Elementary and Secondary School Emergency Relief and Coronavirus Relief Fund grants, as well as an increase in State funding for student wellness and success. Foundation funding also increased since the fiscal year 2021 foundation funding reduction was less than the fiscal year 2020 reduction ordered by the Governor in response to the pandemic. The increase in expenditures was primarily due to increases in regular instruction expenditures for materials and supplies and purchased services, as well as salaries. The increases in materials and supplies and purchased services expenses were due to the pandemic, and the increase in salaries was due to a base increase.

The general fund had a decrease in fund balance for fiscal year 2021 as expenditures and other financing uses exceeded revenues, despite the increase in revenues and decrease in expenditures and other financing uses. The increase in revenues was primarily due to the increase in intergovernmental revenue resulting from the increase in Foundation funding as explained previously. The decrease in expenditures was mainly due to the decrease in pupil support services. Paying nurses, a counselor, and the security officer from the student wellness fund instead of the general fund primarily caused the decrease in pupil support services. Transfers out of the general fund were also much lower in fiscal year 2021.

The overall decrease in fund balance of the total governmental funds indicates the School District's current revenue base is not able to meet the School District's obligations as a whole. The School District understands that it needs to continue to monitor expenditures to ensure it can meet future needs.

Budgeting Highlights

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

During the course of fiscal year 2021, the School District amended its general fund budget a few times. Requests for budget changes are made by the building administrators. Final approval is obtained from the Treasurer and Superintendent and is presented to the Board of Education for their adoption.

For the general fund, original budgeted revenue and other financing sources were higher than final budgeted revenue and other financing sources. Actual revenue and other financing sources came in higher than the final budget estimate, mainly due to higher than anticipated property taxes revenues resulting from the first full fiscal year of collections after the increase in assessed values for tax year 2019.

Original budgeted expenditures were higher than final budgeted expenditures. Actual expenditures were less than final budgeted expenditures mainly due to lower than anticipated expenditures for special instruction, due to students attending virtually.

The School District's ending unobligated budgetary fund balance was higher than the final budgeted amount due to actual revenues coming in above the final budget estimate and the actual expenditures coming in under the final budget estimate.

Capital Assets and Debt Administration

Capital Assets

Capital assets net of depreciation decreased overall with current year depreciation and asset disposals outpacing additions for fiscal year 2021. Some of the capital asset additions included heating, ventilation, and air conditioning improvements, improvements to the Quaker Dome roof, buses, lawn-care equipment, and technology equipment.

The School District's capitalization threshold for capital assets was set at $500. For additional information on capital assets, see Note 11 to the basic financial statements.

Debt

In March of 2014, the School District refinanced the HB264 capital lease project and issued school improvement bonds through direct placement. These bonds were fully repaid during fiscal year 2021.

In June 2018, the School District issued $420,000 in school improvement bonds through direct placement for the purpose of acquiring and installing boilers at the high school.

At June 30, 2021, the School District's overall legal debt margin was $46,797,327 with an unvoted debt margin of $523,415.

For additional information on long-term obligations, see Notes 16 and 17 to the basic financial statements.

Challenges and Opportunities

The New Philadelphia City School District is still strong financially. As the preceding information shows, the School District heavily depends on its property taxpayers. The taxpayers renewed a 6.5 mill emergency levy in May 2018 after approving the replacement and increase in the permanent improvement levy during the same fiscal year.

State law fixes the amount of tax revenue, forcing it to remain constant except for new valuations in the School District. Management must plan expenses accordingly, staying within the School District's five-year plan.

In July of 2021, House Bill 110 was passed. The bill adopts a new funding model for Ohio school districts. The Funding model addresses student funding based on where they attend rather than the residence. The School District is projected to experience a net increase in funds when the funding model is implemented.

Both scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years and to grow even more dependent on local tax revenue.

In conclusion, the School District's system of budgeting and internal controls are well-regarded, and it will take all of the School District's financial abilities to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Julie Erwin, Treasurer, at New Philadelphia City School District, 248 Front Avenue SW, New Philadelphia, Ohio 44663 or email at erwinj@npschools.org.

Basic Financial Statements

New Philadelphia City School District

Statement of Net Position

June 30, 2021

	Primary Government	Component Units	
	Governmental Activities	Quaker Digital Academy	Quaker Preparatory Academy
Assets			
Equity in Pooled Cash and Cash Equivalents	$6,786,902	$3,520,750	$462,347
Cash and Cash Equivalents with Fiscal Agent	3,753	0	0
Accounts Receivable	41,121	600	445
Intergovernmental Receivable	997,410	268,864	83,976
Accrued Interest Receivable	13,355	0	0
Prepaid Items	57,511	59,729	1,404
Materials and Supplies Inventory	4,922	0	0
Inventory Held for Resale	12,236	0	0
Property Taxes Receivable	16,420,171	0	0
Net OPEB Asset (See Note 14)	2,300,337	235,325	22,796
Nondepreciable Capital Assets	1,099,266	0	0
Depreciable Capital Assets, Net	12,130,252	189,882	15,329
Total Assets	39,867,236	4,275,150	586,297
Deferred Outflows of Resources			
Pension	7,102,675	812,385	304,377
OPEB	1,120,054	156,065	36,465
Total Deferred Outflows of Resources	8,222,729	968,450	340,842
Liabilities			
Accounts Payable	322,694	42,018	38,381
Accrued Wages and Benefits Payable	3,231,816	50,978	26,815
Intergovernmental Payable	872,717	35,177	112,639
Matured Compensated Absences Payable	69,672	0	0
Accrued Interest Payable	933	0	0
Long-Term Liabilities:			
Due Within One Year	325,045	444,963	3,738
Due in More Than One Year:			
Net Pension Liability (See Note 13)	39,453,827	4,332,795	394,385
Net OPEB Liability (See Note 14)	2,648,551	360,005	24,176
Other Amounts Due in More Than One Year	1,526,802	1,006,503	373
Total Liabilities	48,452,057	6,272,439	600,507
Deferred Inflows of Resources			
Property Taxes	14,024,120	0	0
Pension	336,941	40,240	2,007
OPEB	4,111,628	464,115	39,098
Total Deferred Inflows of Resources	18,472,689	504,355	41,105
Net Position			
Net Investment in Capital Assets	12,839,025	187,996	7,777
Restricted for:			
Athletics	225,888	0	0
Capital Projects	483,855	0	0
Food Service Operations	343,558	0	0
Juvenile Attention Center	177,775	0	0
Scholarships	1,543,115	0	0
Special Education	627,464	0	0
Other Purposes	302,551	122,110	85,002
Unrestricted (Deficit)	(35,378,012)	(1,843,300)	192,748
Total Net Position	($18,834,781)	($1,533,194)	$285,527

See accompanying notes to the basic financial statements

New Philadelphia City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2021

		Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
Primary Government				
Governmental Activities				
Instruction:				
Regular	$19,183,564	$1,089,630	$833,531	$0
Special	7,125,303	105,055	3,190,487	0
Vocational	363,867	0	74,700	0
Support Services:				
Pupil	2,085,459	0	885,295	0
Instructional Staff	557,808	0	188,712	12,600
Board of Education	204,113	0	0	0
Administration	3,121,177	0	114,625	0
Fiscal	841,073	0	0	0
Operation and Maintenance of Plant	2,987,804	327	91,412	0
Pupil Transportation	1,185,276	0	36,980	41,982
Central	299,201	0	35,224	0
Operation of Food Services	913,977	34,477	850,021	0
Operation of Non-Instructional Services	1,698,019	335,351	351,619	0
Extracurricular Activities	1,265,716	420,594	39,674	1,900
Interest and Fiscal Charges	23,622	0	0	0
Total Primary Government	$41,855,979	$1,985,434	$6,692,280	$56,482
Component Units				
Quaker Digital Academy	$4,848,229	$666,449	$1,038,003	$0
Quaker Preparatory Academy	671,000	0	167,473	0
Total Component Units	$5,519,229	$666,449	$1,205,476	$0

General Revenues
Property Taxes Levied for:
General Purposes
Capital Outlay
Payments in Lieu of Taxes
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year - Restated (See Note 3)

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government	Component Units	
Governmental Activities	Quaker Digital Academy	Quaker Preparatory Academy
($17,260,403)	$0	$0
(3,829,761)	0	0
(289,167)	0	0
(1,200,164)	0	0
(356,496)	0	0
(204,113)	0	0
(3,006,552)	0	0
(841,073)	0	0
(2,896,065)	0	0
(1,106,314)	0	0
(263,977)	0	0
(29,479)	0	0
(1,011,049)	0	0
(803,548)	0	0
(23,622)	0	0
(33,121,783)	0	0
0	(3,143,777)	0
0	0	(503,527)
0	(3,143,777)	(503,527)
15,873,577	0	0
462,673	0	0
65,957	0	0
13,643,379	3,245,416	788,639
(89,272)	4,570	370
340,131	29,037	45
30,296,445	3,279,023	789,054
(2,825,338)	135,246	285,527
(16,009,443)	(1,668,440)	0
($18,834,781)	($1,533,194)	$285,527

New Philadelphia City School District
Balance Sheet
Governmental Funds
June 30, 2021

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	$2,814,383	$3,470,340	$6,284,723
Cash and Cash Equivalents with Fiscal Agent	0	3,753	3,753
Accounts Receivable	35,798	5,323	41,121
Intergovernmental Receivable	142,552	854,858	997,410
Interfund Receivable	587,067	0	587,067
Accrued Interest Receivable	4,330	9,025	13,355
Prepaid Items	56,593	918	57,511
Materials and Supplies Inventory	0	4,922	4,922
Inventory Held for Resale	0	12,236	12,236
Property Taxes Receivable	15,958,140	462,031	16,420,171
Total Assets	$19,598,863	$4,823,406	$24,422,269
Liabilities			
Accounts Payable	$173,298	$149,396	$322,694
Accrued Wages and Benefits Payable	2,804,382	427,434	3,231,816
Intergovernmental Payable	797,986	74,691	872,677
Interfund Payable	0	587,067	587,067
Matured Compensated Absences Payable	57,409	12,263	69,672
Total Liabilities	3,833,075	1,250,851	5,083,926
Deferred Inflows of Resources			
Property Taxes	13,632,411	391,709	14,024,120
Unavailable Revenue	421,446	835,952	1,257,398
Total Deferred Inflows of Resources	14,053,857	1,227,661	15,281,518
Fund Balances			
Nonspendable	56,593	5,840	62,433
Restricted	0	3,139,050	3,139,050
Committed	142,484	0	142,484
Assigned	629,588	0	629,588
Unassigned (Deficit)	883,266	(799,996)	83,270
Total Fund Balances	1,711,931	2,344,894	4,056,825
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$19,598,863	$4,823,406	$24,422,269

See accompanying notes to the basic financial statements

New Philadelphia City School District

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2021

Total Governmental Funds Balances		$4,056,825
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		13,229,518
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	287,492	
Intergovernmental Grants	765,758	
Tuition and Fees	204,148	
Total		1,257,398
In the statement of activities, interest is accrued on outstanding bonds, whereas in the funds, an interest expenditure is reported when due.		(933)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(310,000)	
Capital Leases	(6,747)	
Compensated Absences	(1,535,100)	
Total		(1,851,847)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.		502,139
The net OPEB asset and net pension/OPEB liabilities are not due and payable in the current period; therefore, the asset, liabilities and related deferred outflows/inflows are not reported in the funds:		
Net OPEB Asset	2,300,337	
Deferred Outflows - Pension	7,102,675	
Deferred Outflows - OPEB	1,120,054	
Net Pension Liability	(39,453,827)	
Net OPEB Liability	(2,648,551)	
Deferred Inflows - Pension	(336,941)	
Deferred Inflows - OPEB	(4,111,628)	
Total		(36,027,881)
Net Position of Governmental Activities		($18,834,781)

See accompanying notes to the basic financial statements

New Philadelphia City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	$15,872,886	$462,722	$16,335,608
Payments in Lieu of Taxes	65,957	0	65,957
Intergovernmental	15,011,716	4,944,981	19,956,697
Interest	(89,735)	112,194	22,459
Tuition and Fees	1,172,135	377,467	1,549,602
Extracurricular Activities	26,472	394,122	420,594
Contributions and Donations	0	118,232	118,232
Charges for Services	10	34,477	34,487
Rentals	327	0	327
Miscellaneous	324,594	17,342	341,936
Total Revenues	32,384,362	6,461,537	38,845,899
Expenditures			
Current:			
Instruction:			
Regular	16,085,073	1,390,372	17,475,445
Special	4,793,308	1,855,477	6,648,785
Vocational	331,458	0	331,458
Support Services:			
Pupil	1,048,341	918,103	1,966,444
Instructional Staff	381,612	161,436	543,048
Board of Education	203,980	0	203,980
Administration	2,772,128	143,801	2,915,929
Fiscal	809,990	0	809,990
Operation and Maintenance of Plant	2,740,708	75,088	2,815,796
Pupil Transportation	1,146,059	41,982	1,188,041
Central	289,136	44,859	333,995
Operation of Food Services	0	930,470	930,470
Operation of Non-Instructional Services	1,090,510	589,191	1,679,701
Extracurricular Activities	681,330	386,591	1,067,921
Capital Outlay	0	280,137	280,137
Debt Service:			
Principal Retirement	81,605	99,566	181,171
Interest and Fiscal Charges	11,563	12,371	23,934
Total Expenditures	32,466,801	6,929,444	39,396,245
Excess of Revenues Under Expenditures	(82,439)	(467,907)	(550,346)
Other Financing Sources (Uses)			
Insurance Recoveries	9,031	0	9,031
Transfers In	0	71,000	71,000
Transfers Out	(71,000)	0	(71,000)
Total Other Financing Sources (Uses)	(61,969)	71,000	9,031
Net Change in Fund Balances	(144,408)	(396,907)	(541,315)
Fund Balances Beginning of Year - Restated (See Note 3)	1,856,339	2,741,801	4,598,140
Fund Balances End of Year	$1,711,931	$2,344,894	$4,056,825

See accompanying notes to the basic financial statements

New Philadelphia City School District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds		($541,315)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:		
Capital Outlay	639,232	
Depreciation	(1,009,463)	
Total		(370,231)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(36,708)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Property Taxes	642	
Intergovernmental	205,481	
Tuition and Fees	(19,576)	
Miscellaneous	(1,805)	
Total		184,742
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Accrued Interest	312	
Compensated Absences	133,425	
Total		133,737
Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Payment on General Obligation Bonds	153,000	
Payment on Capital Leases	28,171	
Total		181,171
The change in net position of the internal service fund is reported with governmental activities in the statement of activities.		(46,180)
Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	2,856,814	
OPEB	75,234	
Total		2,932,048
Except for amounts reported as deferred outflows/inflows, changes in the net pension/OPEB asset or liability are reported as pension/OPEB expense in the statement of activities:		
Pension	(5,334,867)	
OPEB	72,265	
Total		(5,262,602)
Change in Net Position of Governmental Activities		($2,825,338)

See accompanying notes to the basic financial statements

New Philadelphia City School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	$15,401,492	$15,401,492	$15,906,016	$504,524
Payments in Lieu of Taxes	60,000	60,000	65,957	5,957
Intergovernmental	15,531,838	15,232,904	15,011,918	(220,986)
Interest	81,570	80,000	49,434	(30,566)
Tuition and Fees	1,590,186	1,559,580	1,175,129	(384,451)
Charges for Services	0	0	10	10
Rentals	2,890	2,834	327	(2,507)
Miscellaneous	77,648	75,000	293,596	218,596
Total Revenues	32,745,624	32,411,810	32,502,387	90,577
Expenditures				
Current:				
Instruction:				
Regular	15,330,656	16,105,453	16,077,172	28,281
Special	5,467,421	5,467,421	4,780,786	686,635
Vocational	112,065	112,065	324,244	(212,179)
Support Services:				
Pupil	1,206,899	1,206,899	1,091,361	115,538
Instructional Staff	592,271	592,272	457,683	134,589
Board of Education	168,348	168,348	201,062	(32,714)
Administration	2,856,643	2,856,643	2,733,404	123,239
Fiscal	757,062	757,062	810,792	(53,730)
Business	1,000	1,000	0	1,000
Operation and Maintenance of Plant	2,726,917	2,726,916	2,754,754	(27,838)
Pupil Transportation	974,800	974,800	1,260,465	(285,665)
Central	121,369	121,369	349,601	(228,232)
Operation of Non-Instructional Services	1,035,200	1,035,200	1,090,510	(55,310)
Extracurricular Activities	611,105	611,105	635,738	(24,633)
Capital Outlay	14,978	14,978	0	14,978
Debt Service:				
Principal Retirement	55,000	2,055,000	2,055,000	0
Interest and Fiscal Charges	0	0	10,810	(10,810)
Total Expenditures	32,031,734	34,806,531	34,633,382	173,149
Excess of Revenues Over (Under) Expenditures	713,890	(2,394,721)	(2,130,995)	263,726
Other Financing Sources (Uses)				
Tax Anticipation Notes Issued	0	2,000,000	2,000,000	0
Insurance Recoveries	0	0	9,031	9,031
Advances In	30,000	30,000	23,751	(6,249)
Transfers Out	0	0	(94,751)	(94,751)
Total Other Financing Sources (Uses)	30,000	2,030,000	1,938,031	(91,969)
Net Change in Fund Balance	743,890	(364,721)	(192,964)	171,757
Fund Balance Beginning of Year	3,076,157	3,076,157	3,076,157	0
Prior Year Encumbrances Appropriated	55,300	55,300	55,300	0
Fund Balance End of Year	$3,875,347	$2,766,736	$2,938,493	$171,757

See accompanying notes to the basic financial statements

New Philadelphia City School District
Statement of Fund Net Position
Proprietary Fund
June 30, 2021

	Governmental Activities - Internal Service
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	$502,179
Liabilities	
Current Liabilities:	
Intergovernmental Payable	40
Net Position	
Unrestricted	$502,139

See accompanying notes to the basic financial statements

New Philadelphia City School District
Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2021

	Governmental Activities - Internal Service
Operating Revenues	
Charges for Services	$5,838,468
Operating Expenses	
Fringe Benefits	5,884,648
Change in Net Position	(46,180)
Net Position Beginning of Year	548,319
Net Position End of Year	$502,139

See accompanying notes to the basic financial statements

New Philadelphia City School District

Statement of Cash Flows

Proprietary Fund

For the Fiscal Year Ended June 30, 2021

	Governmental Activities - Internal Service
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Transactions with Other Funds	$5,838,468
Cash Payments for Premiums	(5,886,523)
Net Decrease in Cash and Cash Equivalents	(48,055)
Cash and Cash Equivalents Beginning of Year	550,234
Cash and Cash Equivalents End of Year	$502,179
Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Operating Loss	($46,180)
Adjustments:	
Decrease in Liabilities:	
Accounts Payable	(35)
Intergovernmental Payable	(1,840)
Total Adjustments	(1,875)
Net Cash Used in Operating Activities	($48,055)

See accompanying notes to the basic financial statements

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Note 1 – Description of the School District and Reporting Entity

The New Philadelphia City School District (the "School District") operates under a locally-elected Board form of government and provides educational services as authorized by State statute and/or Federal guidelines. This Board controls the School District's 11 instruction/support facilities staffed by 146 non-certificated employees, 223 certificated full-time teaching personnel and 19 administrative employees who provide services to 3,001 students and other community members.

The School District was established in 1808, the first in the State of Ohio, and is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. Under such laws there is no authority for a School District to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at-large for staggered four-year terms.

The School District serves an area of approximately 72 square miles. It is located in Tuscarawas County, and includes all of the City of New Philadelphia, the Village of Stone Creek and portions of nine townships. The School District currently operates seven instructional buildings, an administration building, a warehouse building, a preschool/sports complex and a garage.

Reporting Entity

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

> ***Nonpublic Schools*** Within the School District boundaries, Tuscarawas Central Catholic Junior and Senior High School is operated through the Columbus Catholic Diocese. Current State legislation provides funding to these nonpublic schools. These monies are received and disbursed on behalf of the nonpublic schools by the Treasurer of the School District, as directed by the nonpublic schools. These transactions are reported in a special revenue fund and as a governmental activity of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the School District.

Discretely Presented Component Units The component unit columns in the financial statements identify the financial data of the School District's component units, the Quaker Digital Academy and the Quaker Preparatory Academy. The component units are reported separately to emphasize that they are legally separate from the School District.

> ***Quaker Digital Academy*** The Quaker Digital Academy is a legally separate community school created under Ohio Revised Code Chapter 3314 and incorporated under Chapter 1702. The Quaker Digital Academy's mission, under a contractual agreement with the School District (Quaker Digital

Academy's sponsor), is to enhance and facilitate student learning by combining state-of-the-art digital curriculum and instruction with access to local school resources that complement that instruction and prepare students to become lifelong learners and productive citizens. The Quaker Digital Academy serves as a dropout prevention and recovery school and focuses on ensuring that basic survival needs are met so that students can achieve success in school. Quaker Digital Academy serves elementary, middle, and high school age students and above who have dropped out or are at risk of dropping out of school. For fiscal 2017, Quaker Digital Academy's dropout prevention and recovery status was terminated because a majority of the students served were not between the ages of 16 and 21. The Quaker Digital Academy reapplied for the drop-out prevention and recovery status for fiscal year 2018, and it was granted (see Note 28).

The Quaker Digital Academy operates under the direction of a five-member Board of Directors composed of five community members appointed by the Executive Director after consulting with the Sponsor's superintendent. All governing authority members live and/or work in the New Philadelphia - Tuscarawas County community as well as represent the interest of the Tuscarawas County community. The Sponsor is able to impose its will on Quaker Digital Academy, and due to Quaker Digital Academy's relationship with New Philadelphia City School District, it would be misleading to exclude Quaker Digital Academy. The Sponsor can suspend the Quaker Digital Academy's operations for any of the following reasons: 1) the Quaker Digital Academy's failure to meet student performance requirements stated in its contract with the Sponsor, 2) the Quaker Digital Academy's failure to meet generally accepted standards of fiscal management, 3) the Quaker Digital Academy's violation of any provisions of the contract with the Sponsor or applicable State or Federal law, or 4) other good cause. Separately issued financial statements can be obtained from Quaker Digital Academy, 248 Front Avenue SW, New Philadelphia, Ohio 44663.

Quaker Preparatory Academy The Quaker Preparatory Academy is a legally separate community school created under Ohio Revised Code Chapter 3314 and incorporated under Chapter 1702. The Quaker Preparatory Academy's mission, under a contractual agreement with the School District (Quaker Preparatory Academy's sponsor), is to enhance and facilitate student learning by combining state-of-the-art digital curriculum and instruction with access to local school resources that complement that instruction and prepare students to become lifelong learners and productive citizens. The Quaker Preparatory Academy serves as an internet/computer-based community school providing education to students in kindergarten through eighth grade who reside in any school district located in Ohio. Quaker Preparatory Academy began enrolling students for fiscal year 2021 (see Note 29).

The Quaker Preparatory Academy operates under the direction of a five-member Board of Directors composed of five community members appointed by the Executive Director after consulting with the Sponsor's superintendent. All governing authority members live and/or work in the New Philadelphia - Tuscarawas County community as well as represent the interest of the Tuscarawas County community. The sponsor is able to impose its will on Quaker Preparatory Academy, and due to Quaker Preparatory Academy's relationship with New Philadelphia City School District, it would be misleading to exclude Quaker Preparatory Academy. The Sponsor can suspend the Quaker Preparatory Academy's operations for any of the following reasons: 1) the Quaker Preparatory Academy's failure to meet student performance requirements stated in its contract with the Sponsor, 2) the Quaker Preparatory Academy's failure to meet generally accepted standards of fiscal management, 3) the Quaker Preparatory Academy's violation of any provisions of the contract with the Sponsor or applicable State or Federal law, or 4) other good cause. Separately issued financial statements can be obtained from Quaker Preparatory Academy, 248 Front Avenue SW, New Philadelphia, Ohio 44663.

The School District participates in three jointly governed organizations and two public entity risk pools. These organizations are the Ohio Mid-Eastern Regional Educational Service Agency, Buckeye Joint Vocational School District, Tuscarawas County Tax Incentive Review Council, the Ohio School Boards Association Workers' Compensation Group Rating Program, and the Portage Area School Consortium. These organizations are presented in Notes 21 and 22 to the basic financial statements.

Information in the following notes to the basic financial statements is applicable to the primary government. Information for the component units is presented in Notes 28 and 29.

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

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

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

Fund Accounting

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

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

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

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

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

> ***Internal Service Fund*** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District, or to other governments, on a cost reimbursement basis. The only internal service fund that the School District accounts for is a health and vision insurance program, which provides medical benefits to employees.

Measurement Focus

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

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

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

Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 9). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year

2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities found on page 19. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 13 and 14).

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

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

Budgetary Process

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

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

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

Cash and Cash Equivalents

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

During fiscal year 2021, investments were limited to STAR Ohio, a repurchase agreement, a money market account, and negotiable certificates of deposit. The School District measures its investment in the repurchase agreement at cost. The money market account and the negotiable certificates of deposit are reported at fair value.

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

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, 24 hours advance notice is appreciated for deposits and withdrawals of $100 million or more. STAR Ohio reserves the right to limit the transaction to $250 million per day, 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.

By Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to ($89,735), which includes ($99,043) assigned from other School District funds.

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

The School District uses a fiscal agent to hold money used to pay athletics officials. These monies are reflected in the financial statements as "cash and cash equivalents with fiscal agent."

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Inventory

Inventories are presented at the lower of cost or market value and donated commodities are presented at their entitlement value. Inventories are presented on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption, and donated food and purchased food held for resale.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The School

District maintains a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Description	Governmental Activities Estimated Lives
Land Improvements	40 years
Buildings and Improvements	10-40 years
Furniture and Equipment	5-20 years
Vehicles	10 years

Interfund Balances

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

Compensated Absences

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

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

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

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

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

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Fund Balance

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or by a School District official delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balances for purchases on order provided such amounts have been lawfully appropriated. The School District Board of Education also assigned fund balance for public school support and to cover a gap between estimated revenue and appropriations in fiscal year 2022’s budget.

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

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through either external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net position restricted for other purposes includes band uniforms, community involvement, instructional programs, school safety, student instruction, student wellness and success, and teacher development.

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

Interfund Activity

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

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

Operating Revenues and Expenses

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

Estimates

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

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

Changes in Accounting Principles

For fiscal year 2021, the School District implemented GASB Statement No. 84, *Fiduciary Activities*, and related guidance from (GASB) Implementation Guide No. 2019-2, *Fiduciary Activities*. GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District will no longer be reporting agency funds. The School District reviewed its agency funds and one fund will be reported in the new fiduciary fund classification of custodial funds while the other funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the School District’s financial statements.

For fiscal year 2021, the School District also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2019-1*. These changes were incorporated in the School District's 2021 financial statements; however, there was no effect on beginning net position/fund balance.

Restatement of Fund Balances and Net Position

The implementation of GASB Statement No. 84 had the following effect on fund balance as of June 30, 2020:

	General	Other Governmental Funds	Total Governmental Funds
Fund Balances at June 30, 2020	$1,856,339	$1,202,088	$3,058,427
Adjustment:			
GASB 84	0	1,539,713	1,539,713
Restated Fund Balances at June 30, 2020	$1,856,339	$2,741,801	$4,598,140

The implementation of GASB Statement No. 84 had the following effect on net position as of June 30, 2020:

	Governmental Activities
Net Position at June 30, 2020	($17,549,156)
Adjustment:	
GASB 84	1,539,713
Restated Net Position at June 30, 2020	($16,009,443)

The implementation of GASB Statement No. 84 had the following effect on fiduciary net position as of June 30, 2020:

	Fiduciary Funds	
	Private Purpose Trust	Agency
Net Position at June 30, 2020	$1,467,169	$0
Adjustments:		
Assets	(1,467,169)	(72,544)
Liabilities	0	(72,544)
Restated Net Position at June 30, 2020	$0	$0

Note 4 – Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Advances In are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
3. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).
4. Expenditures are recorded when paid in cash (budget basis) as opposed to when the fund liability is incurred (GAAP basis).
5. Budgetary revenues and expenditures of the public school support fund are reclassified to the general fund for GAAP reporting.
6. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).

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

Net Change in Fund Balance

GAAP Basis	($144,408)
Net Adjustment for Revenue Accruals	8,685
Advances In	23,751
Beginning Fair Value Adjustment for Investments	175,244
Ending Fair Value Adjustment for Investments	(39,432)
Net Adjustment for Expenditure Accruals	179,899
Perspective Difference:	
Public School Support	(26,943)
Encumbrances	(369,760)
Budget Basis	($192,964)

Note 5 – Compliance and Accountability

Compliance

The School District had negative cash balances at June 30, 2021, in the following funds:

	Amount
Special Revenue:	
Elementary and Secondary School Emergency Relief	$575,563
Coronavirus Relief Fund	11,504

The negative cash balances indicate that revenue from other sources were used to pay obligations of these funds, contrary to Ohio Revised Code Section 5705.10. The cash deficits were the result of monies being expended with the expectation that the School District will be reimbursed during fiscal year 2022. Although the cash deficits were not corrected by fiscal year end, management has indicated that cash will be closely monitored to prevent future violations.

Accountability

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

	Amount
Special Revenue:	
Preschool	$35,021
Elementary and Secondary School Emergency Relief	587,136
Coronavirus Relief Fund	11,504
Title VI-B	52,770
Title I	111,637
Preschool Grants	1,666

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the general fund needed for operations until the receipt of grant monies. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 6 – Deposits and Investments

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

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

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

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

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

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

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

2. Bonds, notes, debentures, or any other obligation or security issued by any Federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All Federal agency securities shall be direct issuances of Federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed previously provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool (STAR Ohio); and

8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate 5 percent of interim moneys available for investment at the time of purchase.

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

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

Investments

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

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Net Asset Value Per Share:				
STAR Ohio	$371,422	Less than one year	AAAm	N/A
Cost:				
Repurchase Agreement	4,063,634	Less than one year	N/A	59.63 %
Fair Value - Level 1 Inputs:				
Money Market Account	73,418	Less than one year	AAAm	N/A
Fair Value - Level 2 Inputs:				
Negotiable Certificates of Deposit	2,306,114	Less than five years	N/A	33.84
Total Investments	$6,814,588			

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The preceding chart identifies the School District's recurring fair value measurements as of June 30, 2021. The School District's money market account is measured at fair value based on quoted market prices (level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided marts, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (level 2 inputs).

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The School District's investment policy addresses interest rate risk by requiring the School District's investment portfolio to be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments. Repurchase agreements shall not exceed 30 days.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreement and negotiable certificates of deposit are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty. The School District has no investment policy dealing with the 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.

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. Rated investments of the School District carry a rating of AAAm by Standard and Poor's. The School District does not have an investment policy that addresses credit risk.

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

Note 7 – Fund Balances

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

Fund Balances	General	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepaids	$56,593	$918	$57,511
Inventory	0	4,922	4,922
Total Nonspendable	56,593	5,840	62,433
Restricted for:			
Athletics	0	225,888	225,888
Capital Projects	0	410,241	410,241
Food Service Operations	0	358,029	358,029
Juvenile Attention Center	0	19,376	19,376
Scholarships	0	1,543,115	1,543,115
Special Education	0	307,002	307,002
Other Purposes:			
Band Uniforms	0	6,666	6,666
Community Involvement	0	28,838	28,838
Instructional Programs	0	40,634	40,634
School Safety	0	16,001	16,001
Student Activities	0	65,416	65,416
Student Instruction	0	53,485	53,485
Student Wellness and Success	0	63,899	63,899
Teacher Development	0	460	460
Total Restricted	0	3,139,050	3,139,050
Committed to:			
Purchases on Order:			
Bus Purchase	142,484	0	142,484
Assigned to:			
Public School Support	52,902	0	52,902
Purchases on Order:			
Instructional Services	13,757	0	13,757
Support Services	198,074	0	198,074
Fiscal Year 2022 Operations	364,855	0	364,855
Total Assigned	629,588	0	629,588
Unassigned (Deficit)	883,266	(799,996)	83,270
Total Fund Balances	$1,711,931	$2,344,894	$4,056,825

Note 8 – Receivables

Receivables at June 30, 2021, consisted of taxes, accounts (tuition and fees, extracurricular, contributions and donations and miscellaneous) and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
IDEA-B Special Education Grant	$180,891
Title I-A Improving Basic Programs Grant	178,325
Juvenile Attention Center - County Share	165,458
Title I-D Delinquent Grant	104,822
School Employees Retirement System Refund	97,719
Title II-A Supporting Effective Instruction Grant	65,208
Elementary and Secondary School Emergency Relief	51,925
Regular Tuition	32,247
IDEA Early Childhood Special Education Grant	23,831
Medicaid in Schools	18,301
Title III Language Instruction for English Learners Grant	18,078
Coronavirus Relief Fund	11,504
Title I Non-Competitive Supplemental School Improvement Grant	11,250
Early Childhood Education Grant	8,995
Food Service Grants and Reimbursements	8,869
Special Education Tuition	6,443
QDA Sponsor Fee True-Up	5,809
IDEA 6B Restoration Grant	5,079
Title IV-A Student Support and Academic Enrichment Grant	2,056
West Elementary Restituion	334
Title III Immigrant Grant	266
Total	$997,410

Note 9 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District's parameters. Real property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

The School District receives property taxes from Tuscarawas County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and 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 to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2021, was $2,046,501 in the general fund and $62,058 in the permanent improvement capital projects fund. By comparison, the amount available as an advance at June 30, 2020, was $2,079,631 in the general fund and $63,112 in the permanent improvement capital projects fund. The difference was in the timing and collection by the County Auditor.

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

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

	2020 Second Half Collections		2021 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	$501,346,960	95.27 %	$496,499,880	94.86 %
Public Utility Personal	24,892,880	4.73	26,914,860	5.14
Total	$526,239,840	100.00 %	$523,414,740	100.00 %
Tax rate per $1,000 of assessed valuation	$52.20		$52.20	

Tax Abatements

The School District's property taxes were reduced as follows under community reinvestment area tax exemption, enterprise zone tax exemption and tax increment financing agreements entered into by overlapping governments:

Overlapping Government	Amount of Fiscal Year 2021 Taxes Abated
Community Reinvestment Area:	
City of New Philadelphia	$34,937
Enterprise Zone Tax Exemptions:	
City of New Philadelphia	13,069
Tax Increment Financing:	
Goshen Township	111,737

Payments in Lieu of Taxes

The School District is party to an enterprise zone agreement (EZA). Municipalities, townships, and counties can enter into EZA's, which grant property tax exemptions to encourage new investment and job creation or retention in a defined enterprise zone. Some EZA's also require the property owner to enter into a compensation agreement with the School District to help offset the property taxes the School District would have received had the improvements to the property not been exempted. The service payments that the School District receives as part of the compensation agreement are presented on the financial statements as Payments in Lieu of Taxes.

Note 10 – Interfund Transactions

Interfund Balances

Interfund balances at June 30, 2021, consisted of the following:

Interfund Payable	Interfund Receivable General
Other Governmental Funds:	
Elementary and Secondary School Emergency Relief	$575,563
Coronavirus Relief Fund	11,504
Total	$587,067

Interfund receivables and payables are due to the timing of the receipt of grant monies. The general fund provides money to operate the programs until grants are received and the advances can be repaid.

Interfund Transfers

During fiscal year 2021, the general fund transferred $71,000 to other governmental funds to move unrestricted balances to support programs and projects accounted for in those funds.

Note 11 – Capital Assets

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

	Balance 6/30/20	Additions	Reductions	Balance 6/30/21
Governmental Activities:				
Capital assets not being depreciated:				
Land	$1,091,766	$7,500	$0	$1,099,266
Capital assets being depreciated:				
Buildings and improvements	23,778,267	165,150	0	23,943,417
Furniture and equipment	4,857,053	286,073	(156,301)	4,986,825
Vehicles	2,193,531	180,509	(199,956)	2,174,084
Total capital assets being depreciated	30,828,851	631,732	(356,257)	31,104,326
Accumulated depreciation:				
Buildings and improvements	(14,057,513)	(545,272)	0	(14,602,785)
Furniture and equipment	(2,945,326)	(266,460)	133,271	(3,078,515)
Vehicles	(1,281,321)	(197,731)	186,278	(1,292,774)
Total accumulated depreciation	(18,284,160)	(1,009,463) *	319,549	(18,974,074)
Capital assets being depreciated, net	12,544,691	(377,731)	(36,708)	12,130,252
Governmental activities capital assets, net	$13,636,457	($370,231)	($36,708)	$13,229,518

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$576,186
Special	40,059
Vocational	3,136
Support Services:	
Instructional Staff	22,715
Administration	18,185
Fiscal	1,786
Operation and Maintenance of Plant	50,524
Pupil Transportation	131,756
Central	4,604
Operation of Food Services	8,702
Operation of Non-Instructional Services	2,168
Extracurricular Activities	149,642
Total Depreciation Expense	$1,009,463

Note 12 – Risk Management

Property and Liability Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2021, the School District contracted with Liberty Mutual Insurance for property, inland marine, and liability insurance and fleet coverage as follows:

Type of Coverage	Deductible	Coverage
Building and Contents (Replacement Cost)	$5,000	$84,273,068
Inland Marine Coverage	250 - 500	1,421,162
Crime Insurance	500 - 1,000	50,000 - 200,000
Electronic Data Processing	5,000	2,000,000
Automobile Liability	250 - 1,000	1,000,000
Uninsured Motorists	0	1,000,000
Data and Cyber Security Liability	10,000	1,000,000
General Liability:		
Per Occurrence	N/A	1,000,000
Annual Limit	N/A	3,000,000

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

Workers' Compensation

For fiscal year 2021, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (see Note 22). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Comp Management, A Sedgwick CMS Company, provides administrative, cost control and actuarial services to the GRP.

Employee Medical Benefits

The School District is a member of the Portage Area School Consortium (the Consortium), a shared risk pool (see Note 22), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the Program) is an employee health benefit plan which covers the participating members' employees. The Consortium acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purposes of paying health benefit claims of employees and their covered dependents, administrative expenses of the program and premiums for stop-loss insurance coverage. A reserve exists which is to cover any unpaid claims if the School District were to withdraw from the pool. If the reserve would not cover such claims, the School District would be liable for any costs above the reserve. The School District pays premiums ranging from $1,590 to $1,652 for family coverage and ranging from $657 to $682 for single coverage per employee per month.

Note 13 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also include pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB 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 health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary, and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was $567,580 for fiscal year 2021. Of this amount $33,455 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be 5 years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be 5 years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was $2,289,234 for fiscal year 2021. Of this amount $421,312 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.11768340%	0.13088701%	
Prior Measurement Date	0.11648830%	0.12978737%	
Change in Proportionate Share	0.00119510%	0.00109964%	
Proportionate Share of the Net Pension Liability	$7,783,828	$31,669,999	$39,453,827
Pension Expense	$956,384	$4,378,483	$5,334,867

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$15,120	$71,060	$86,180
Changes of assumptions	0	1,700,067	1,700,067
Net difference between projected and actual earnings on pension plan investments	494,115	1,540,116	2,034,231
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	31,854	393,529	425,383
School District contributions subsequent to the measurement date	567,580	2,289,234	2,856,814
Total Deferred Outflows of Resources	$1,108,669	$5,994,006	$7,102,675
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$202,508	$202,508
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	36,048	98,385	134,433
Total Deferred Inflows of Resources	$36,048	$300,893	$336,941

$2,856,814 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	($16,542)	$1,152,820	$1,136,278
2023	160,925	637,243	798,168
2024	205,958	880,890	1,086,848
2025	154,700	732,926	887,626
Total	$505,041	$3,403,879	$3,908,920

Actuarial Assumptions – SERS

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

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

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

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

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

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

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

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

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	$10,662,894	$7,783,828	$5,368,237

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 as follows:

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

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

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

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

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

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

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

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	$45,092,565	$31,669,999	$20,295,492

Note 14 – Defined Benefit OPEB Plans

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

School Employees Retirement System (SERS)

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

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was $23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was $75,234.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was $75,234 for fiscal year 2021. Of this amount $75,234 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

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

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

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.12186620%	0.13088701%	
Prior Measurement Date	0.11969640%	0.12978737%	
Change in Proportionate Share	0.00216980%	0.00109964%	
Proportionate Share of the:			
Net OPEB Liability	$2,648,551	$0	$2,648,551
Net OPEB (Asset)	$0	($2,300,337)	($2,300,337)
OPEB Expense	$45,657	($117,922)	($72,265)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$34,786	$147,394	$182,180
Changes of assumptions	451,486	37,973	489,459
Net difference between projected and actual earnings on OPEB plan investments	29,843	80,617	110,460
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	173,082	89,639	262,721
School District contributions subsequent to the measurement date	75,234	0	75,234
Total Deferred Outflows of Resources	$764,431	$355,623	$1,120,054
Deferred Inflows of Resources			
Differences between expected and actual experience	$1,346,973	$458,194	$1,805,167
Changes of assumptions	66,711	2,184,934	2,251,645
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	43,155	11,661	54,816
Total Deferred Inflows of Resources	$1,456,839	$2,654,789	$4,111,628

$75,234 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	($143,698)	($575,163)	($718,861)
2023	(141,539)	(520,595)	(662,134)
2024	(141,891)	(501,449)	(643,340)
2025	(162,580)	(486,142)	(648,722)
2026	(133,288)	(104,912)	(238,200)
Thereafter	(44,646)	(110,905)	(155,551)
Total	($767,642)	($2,299,166)	($3,066,808)

Actuarial Assumptions – SERS

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

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

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

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

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

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

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

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan (see Note 13).

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020, was 2.63 percent. The discount rate used to measure the total OPEB liability at June 30, 2019, was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the State statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the School District's proportionate share of the net OPEB liability for SERS and what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.63 percent) and higher (3.63 percent) than the current discount rate (2.63 percent). Also shown is what the School District's proportionate share of the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
School District's proportionate share of the net OPEB liability	$3,241,761	$2,648,551	$2,176,951

	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	$2,085,533	$2,648,551	$3,401,451

Actuarial Assumptions – STRS

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

Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends:	
Medical:	
Pre-Medicare	5.00 percent initial, 4 percent ultimate
Medicare	-6.69 percent initial, 4 percent ultimate
Prescription Drug:	
Pre-Medicare	6.50 percent initial, 4 percent ultimate
Medicare	11.87 percent initial, 4 percent ultimate

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

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan (see Note 13).

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rates The following table represents the School District's proportionate share of the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the School District's proportionate share of the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	$2,001,443	$2,300,337	$2,553,938

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	$2,538,196	$2,300,337	$2,010,589

Note 15 – Tax Anticipation Notes

Note activity for the year ended June 30, 2021, was as follows:

	Amount Outstanding 06/30/20	Additions	Reductions	Amount Outstanding 06/30/21
Governmental Activities				
Tax Anticipation Note, Series 2020-2021				
2.22% Maturity 6/24/2021	$0	$2,000,000	($2,000,000)	$0

The tax anticipation note was issued for the purpose of paying current expenses of the School District during the fiscal year, in anticipation of collecting current property tax revenues in and for fiscal year 2021. The note was backed by the full faith and credit of the School District and was paid from the general fund.

Note 16 – Long-Term Obligations

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

	Amount Outstanding 06/30/20	Additions	Reductions	Amount Outstanding 06/30/21	Amount Due in One Year
Governmental Activities					
General Obligation Bonds from Direct Placement:					
2014 Current Interest Bonds	$115,000	$0	($115,000)	$0	$0
2018 School Improvement Bonds	348,000	0	(38,000)	310,000	40,000
Total General Obligation Bonds	463,000	0	(153,000)	310,000	40,000
Net Pension Liability:					
SERS	6,969,699	814,129	0	7,783,828	0
STRS	28,701,697	2,968,302	0	31,669,999	0
Total Net Pension Liability	35,671,396	3,782,431	0	39,453,827	0
Net OPEB Liability - SERS	3,010,113	0	(361,562)	2,648,551	0
Capital Leases	34,918	0	(28,171)	6,747	6,605
Compensated Absences	1,668,525	155,994	(289,419)	1,535,100	278,440
Total Governmental Activities Long-Term Liabilities	$40,847,952	$3,938,425	($832,152)	$43,954,225	$325,045

On March 21, 2014, the School District issued $745,000 in general obligation refunding bonds through direct placement. The bonds had an interest rate of 2.07 percent per annum and matured in various installments through December 1, 2020. The proceeds were used to refund the HB 264 capital lease for building improvements to the heating and lighting systems in each of its buildings. Under the terms of the lease, the School District was able to upgrade heating and lighting systems in all of its elementary, high school, and middle school complexes. The bonds were retired through the general fund and the permanent improvement fund.

On June 1, 2018, the School District issued $420,000 in general obligation bonds through direct placement for the purpose of paying costs of acquiring and installing boilers at the high school complex. The bonds were issued for a 10 year period with final maturity at June 1, 2028. Interest payments of 3.61 percent per annum are due on June 1 and December 1 of each year, until the principal amount is paid. The bonds are being retired through the permanent improvement fund.

Optional Redemption The bonds are subject to optional redemption prior to maturity at any time from June 1, 2018, through May 31, 2026, inclusive, at a redemption price equal to 101 percent of the principal amount redeemed, and from June 1, 2026, through June 1, 2028, inclusive, at 100 percent of the principal amount redeemed, in all cases including interest accrued to the redemption date as provided in and in accordance with the bond resolution.

There is no repayment schedule for the net pension liability and the net OPEB liability; however, employer pension and OPEB contributions are made from the general fund and the food service, juvenile attention, summer school, auxiliary services, preschool, student wellness and success, elementary and secondary school emergency relief, title VI-B, title III, title I, and preschool grants special revenue funds. For additional information related to the net pension liability and the net OPEB liability, see Notes 13 and 14. Capital leases will be paid from the general fund and the summer school special revenue fund. Compensated absences will be paid from the general fund and the food service, juvenile attention, auxiliary services, preschool, student health and wellness, title VI-B, and title I special revenue funds.

The School District's overall legal debt margin was $46,797,327 with an unvoted debt margin of $523,415 at June 30, 2021. Principal and interest requirements to retire general obligation debt outstanding at June 30, 2021, are as follows:

Fiscal Year Ending June 30	General Obligation Bonds from Direct Placement Principal	Interest
2022	$40,000	$10,830
2023	41,000	9,386
2024	42,000	7,888
2025	44,000	6,354
2026	46,000	4,747
2027-2028	97,000	4,405
Total	$310,000	$43,610

Note 17 – Capital Leases

In prior fiscal years, the School District entered into two capital leases for copiers. The lease obligations meet the criteria of capital leases and have been recorded on the government-wide statements. The original amount capitalized for the copiers and the book value as of June 30, 2021, are as follows:

	Amounts
Asset:	
Equipment	$115,567
Less: Accumulated Depreciation	(57,784)
Book Value	$57,783

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

Fiscal Year Ending June 30	Amounts
2022	$6,691
2023	143
Total Minimum Lease Payments	6,834
Less: Amount Representing Interest	(87)
Present Value of Mimimum Lease Payments	$6,747

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

Note 18 – Operating Lease

The School District entered into an operating lease agreement for a postage meter. Equipment operating lease expense totaled $2,658 in fiscal year 2021. Future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms as of June 30, 2021, include payments totaling $2,658 in fiscal year 2022.

Note 19 – Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty days of vacation per fiscal year, depending upon length of service. Administrative contracts designate the maximum number of vacation days that may be carried over from one contract year to the next. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 260 days for certified staff and classified staff. Upon retirement, payment is made for one-fourth of the accrued, unused sick leave credit, up to a maximum of 65 days for certified employees and classified employees. Certified and classified employees can receive an additional 10 days and 5 days, respectively, of paid severance for early notice by submitting a letter of resignation prior to a specified date based on employee classification.

Vision and Life Insurance Benefits

The School District provides vision insurance and life insurance and accidental death and dismemberment insurance to most employees. Vision insurance is provided through Vision Service Plan and life insurance is provided through the American United Life Insurance.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2021, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

Note 20 – Set-Asides

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

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

	Capital Improvements
Set-Aside Balance as of June 30, 2020	$0
Current Year Set-Aside Requirement	552,179
Current Year Offsets	(477,493)
Qualifying Disbursements	(453,145)
Totals	($378,459)
Set-Aside Balance Carried Forward to Future Fiscal Years	$0
Set-Aside Balance as of June 30, 2021	$0

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

Note 21 – Jointly Governed Organizations

Ohio Mid-Eastern Regional Educational Service Agency

Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) is a jointly governed organization created as a regional council of governments pursuant to State statutes. OME-RESA provides financial accounting services, an education management information system, cooperative purchase services and legal services to member districts. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, Muskingum, Monroe, Noble, and Tuscarawas counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school districts. The Jefferson County Educational Service Center office serves as the fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the School District's continued participation and no equity interest exists. OME-RESA has no outstanding debt. During fiscal year 2021, the School District paid $167,827 to OME-RESA for various services. To obtain financial information, write to the Ohio Mid-Eastern Regional Educational Service Agency, 2230 Sunset Boulevard Suite 2, Steubenville, Ohio 43952.

Buckeye Joint Vocational School District

The Buckeye Joint Vocational School District, which provides vocational education programs, is a distinct subdivision of the State of Ohio operated under a Board consisting of one representative from each of the eleven participating school districts' elected boards, which possessed its own budgeting and taxing authority. During fiscal year 2021, the School District paid $357 to Buckeye Joint Vocational School District for various items. To obtain financial information, write to Buckeye Joint Vocational School District, 545 University Drive NE, New Philadelphia, Ohio 44663.

Tuscarawas County Tax Incentive Review Council

The Tuscarawas County Tax Incentive Review Council (TCTIRC) is a jointly governed organization, created as a regional council of governments pursuant to State Statutes. TCTIRC has 56 members, consisting of 3 members appointed by the County Commissioners, 22 members appointed by municipal corporations, 12 members appointed by township trustees, 2 members from the County Auditor's office, 16 members appointed by boards of education located within the County, and 1 member representing the Economic Development and Finance Alliance. TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the council can make written recommendations to the legislative authority which approved the agreement. There is no cost associated with being a member of this council. The continued existence of the TCTIRC is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 2021, the School District made no payments to the TCTIRC.

Note 22 – Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Program

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

Portage Area School Consortium

The Portage Area School Consortium (the Consortium) is a regional council of governments established pursuant to Chapter 167 of the Ohio Revised Code, consisting of various school districts in the Portage County, Ohio area. The Consortium is a stand-alone entity, composed of two stand-alone pools, the Portage Area School Consortium Property and Casualty Pool and the Portage Area School Consortium Health and Welfare Insurance Pool. These pools were established by the Consortium on August 5, 1988, to provide property and casualty risk management services and risk sharing to its members. The pools were established as local government risk pools under Section 1744.081 of the Ohio Revised Code and are not subject to Federal tax filing requirements.

The Ohio Revised Code Section 167.04 requires the Consortium to adopt bylaws designating the officers of the Consortium and their method of selection, creating a governing body to act for the Consortium, appointing a fiscal officer, and providing for the conduct of the Consortium's business. The Assembly is the legislative and managerial body of the Consortium. The Assembly is composed of representation of the member schools. The member school's governing body appoints one representative to the Consortium (usually the superintendent or designee). In the case of a member that is a school district, that representative shall be an executive appointed by the board of education. The Assembly serves without compensation.

Note 23 – Contingencies

Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2021, if applicable, cannot be determined at this time.

Litigation

The School District is not party to any material legal proceedings.

Note 24 – Significant Commitments

Contractual Commitments

The School District had the following contractual commitments outstanding at June 30, 2021:

Project	Contract Amount	Amount Paid	Remaining on Contract
Stadium Project	$175,078	$0	$175,078
Roof Coating	36,200	0	36,200
Sidewalks	9,600	0	9,600
Camera System	5,550	0	5,550
Total	$226,428	$0	$226,428

All of the remaining commitment amounts were encumbered at fiscal year end.

Payables in the amount of $73,746 have been capitalized.

Encumbrances

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

General	$369,760
Other Governmental Funds	478,952
Total	$848,712

Note 25 – Related Party Transactions

Quaker Digital Academy

In fiscal year 2021, the Quaker Digital Academy paid the School District $501,865 for services provided by the School District to the Academy, as well as insurance premiums paid by the School District for the Academy.

Quaker Preparatory Academy

In fiscal year 2021, the Quaker Preparatory Academy paid the School District $74,913 for services provided by the School District to the Academy, as well as insurance premiums paid by the School District for the Academy.

Note 26 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the School District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. The School District's investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

Note 27 – Subsequent Event

For fiscal year 2022, School District foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported $2,877,547 in revenue and expenditures/expense related to these programs. Also during fiscal year 2021, the School District reported $892,737 in tuition and fees from the resident school districts which will be direct funded to the School District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each School District. The School District's State core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

Note 28 – Quaker Digital Academy

The Quaker Digital Academy (the Academy) has been determined to be a discrete component unit, as the School District is able to impose its will on the Academy, and due to the Academy's relationship with the School District, it would be misleading to exclude the Academy. Therefore, it has been included as part of the School District's basic financial statements. The Academy issues a publicly available, stand-alone financial report that includes financial statements and supplementary information. That report may be obtained by writing to Quaker Digital Academy, 248 Front Avenue SW, New Philadelphia, Ohio 44663.

Basis of Presentation

The Academy is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities and deferred inflows are included on the statement of net position. The Academy uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized at the time they are incurred.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Academy's basic financial statements are prepared using the accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Nonexchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements and donations. 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 Academy must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Academy, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Academy, deferred inflows of resources related to pension and OPEB plans are reported on the statement of net position.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through either external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net position restricted for other purposes includes special education, student wellness and success, school safety, and educational improvements.

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

Compensated Absences

The Academy reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Academy will compensate the employees for the benefits through paid time off or some other means.

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

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Change in Accounting Principle

For fiscal year 2021, the Academy implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2019-1*. These changes were incorporated in the Academy's 2021 financial statements; however, there was no effect on beginning net position/fund balance.

Deposits and Investments

At fiscal year end, the carrying amount of the Academy's deposits was ($6,782) and the bank balance was $4,787. The deficit carrying balance is covered by the Academy's investment in a repurchase agreement. Protection of the Academy's deposits is provided by the Federal Deposit Insurance Corporation (FDIC). There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

As of June 30, 2021, the Academy had $3,527,532 invested in a repurchase agreement, which was measured at cost and had a daily maturity.

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Academy's investment policy addresses interest rate risk by requiring the Academy's investment portfolio to be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments. Repurchase agreements shall not exceed 30 days.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreement is exposed to custodial credit risk in that it is uninsured, unregistered, and held by the counterparty. The Academy has no investment policy dealing with the 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.

Credit Risk The Academy has no investment policy dealing with investment credit risk beyond the requirement of State statute.

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

Related Party Transactions

In fiscal year 2021, the Academy paid the School District $501,865 for services provided by the School District to the Academy, as well as insurance premiums paid by the School District for the Academy.

Capital Assets

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

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

Description	Estimated Lives
Furniture and Equipment	5-20 years
Vehicles	10 years

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

	Balance 6/30/20	Additions	Reductions	Balance 6/30/21
Capital Assets being depreciated:				
Furniture and Equipment	$646,333	$22,778	($108,625)	$560,486
Vehicles	69,447	0	0	69,447
Total Capital Assets being depreciated	715,780	22,778	(108,625)	629,933
Accumulated Depreciation:				
Furniture and Equipment	(412,218)	(54,758)	75,673	(391,303)
Vehicles	(42,617)	(6,131)	0	(48,748)
Total Accumulated Depreciation	(454,835)	(60,889)	75,673	(440,051)
Total Capital Assets, net	$260,945	($38,111)	($32,952)	$189,882

Defined Benefit Pension Plans

The Academy's contractually required contribution to SERS was $81,810 for fiscal year 2021. Of this amount $2,445 is reported as an intergovernmental payable. The Academy's contractually required contribution to STRS was $197,795 for fiscal year 2021. Of this amount $3,821 is reported as an intergovernmental payable.

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 Academy's proportion of the net pension liability was based on the Academy's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.01652430%	0.01338975%	
Prior Measurement Date	0.01611770%	0.01346128%	
Change in Proportionate Share	0.00040660%	-0.00007153%	
Proportionate Share of the Net Pension Liability	$1,092,952	$3,239,843	$4,332,795
Pension Expense	$166,843	$524,073	$690,916

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$2,123	$7,269	$9,392
Changes of assumptions	0	173,917	173,917
Net difference between projected and actual earnings on pension plan investments	69,380	157,554	226,934
Changes in proportionate share and difference between Academy contributions and proportionate share of contributions	15,550	106,987	122,537
Academy contributions subsequent to the measurement date	81,810	197,795	279,605
Total Deferred Outflows of Resources	$168,863	$643,522	$812,385
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$20,717	$20,717
Changes in proportionate share and difference between Academy contributions and proportionate share of contributions	0	19,523	19,523
Total Deferred Inflows of Resources	$0	$40,240	$40,240

$279,605 reported as deferred outflows of resources related to pension resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$9,928	$171,892	$181,820
2023	26,484	62,931	89,415
2024	28,919	103,041	131,960
2025	21,722	67,623	89,345
Total	$87,053	$405,487	$492,540

Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (SERS) Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the Academy's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Academy's proportionate share of the net pension liability	$1,497,211	$1,092,952	$753,771

Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (STRS) The following table presents the Academy's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Academy's proportionate share of the net pension liability	$4,612,972	$3,239,843	$2,076,230

Defined Benefit OPEB Plans

For fiscal year 2021, the Academy's surcharge obligation was $7,669. The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Academy's contractually required contribution to SERS was $7,669 for fiscal year 2021. Of this amount $7,669 is reported as an intergovernmental payable. For fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to postemployment health care.

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The Academy's proportion of the net OPEB liability (asset) was based on the Academy's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.01656470%	0.01338975%	
Prior Measurement Date	0.01638900%	0.01346128%	
Change in Proportionate Share	0.00017570%	-0.00007153%	
Proportionate Share of the:			
Net OPEB Liability	$360,005	$0	$360,005
Net OPEB (Asset)	$0	($235,325)	($235,325)
OPEB Expense	$13,974	($6,796)	$7,178

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$4,728	$15,078	$19,806
Changes of assumptions	61,368	3,885	65,253
Net difference between projected and actual earnings on OPEB plan investments	4,057	8,247	12,304
Changes in proportionate share and difference between Academy contributions and proportionate share of contributions	27,514	23,519	51,033
Academy contributions subsequent to the measurement date	7,669	0	7,669
Total Deferred Outflows of Resources	$105,336	$50,729	$156,065

Deferred Inflows of Resources			
Differences between expected and actual experience	$183,088	$46,873	$229,961
Changes of assumptions	9,067	223,519	232,586
Changes in proportionate share and difference between Academy contributions and proportionate share of contributions	183	1,385	1,568
Total Deferred Inflows of Resources	$192,338	$271,777	$464,115

$7,669 reported as deferred outflows of resources related to OPEB resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	($16,759)	($53,571)	($70,330)
2023	(16,466)	(47,989)	(64,455)
2024	(16,514)	(46,031)	(62,545)
2025	(20,309)	(51,822)	(72,131)
2026	(18,080)	(10,249)	(28,329)
Thereafter	(6,543)	(11,386)	(17,929)
Total	($94,671)	($221,048)	($315,719)

Sensitivity of the Academy's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates (SERS) The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the Academy's proportionate share of the net OPEB liability for SERS and what the Academy's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.63 percent) and higher (3.63 percent) than the current discount rate (2.63 percent). Also shown is what the Academy's proportionate share of the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
Academy's proportionate share of the net OPEB liability	$440,637	$360,005	$295,903

	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
Academy's proportionate share of the net OPEB liability	$283,477	$360,005	$462,343

Sensitivity of the Academy's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rates (STRS) The following table represents the Academy's proportionate share of the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the Academy's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the Academy's proportionate share of the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Academy's proportionate share of the net OPEB asset	$204,748	$235,325	$261,268

	1% Decrease	Current Trend Rate	1% Increase
Academy's proportionate share of the net OPEB asset	$259,658	$235,325	$205,683

Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the financial statements.

The changes in the Academy's long-term obligations during fiscal year 2021 were as follows:

	Amount Outstanding 06/30/20	Additions	Reductions	Amount Outstanding 06/30/21	Amount Due in One Year
Intergovernmental Payable:					
Fiscal Year 2016 FTE Agreement	$1,659,875	$0	($331,975)	$1,327,900	$331,975
Loan from Direct Borrowing:					
Paycheck Protection Program Loan	561,700	0	(561,700)	0	0
Compensated Absences	88,305	114,517	(79,256)	123,566	112,988
Net Pension Liability:					
SERS	964,350	128,602	0	1,092,952	0
STRS	2,976,881	262,962	0	3,239,843	0
Total Net Pension Liability	3,941,231	391,564	0	4,332,795	0
Net OPEB Liability - SERS	412,149	0	(52,144)	360,005	0
Total Long-Term Liabilities	$6,663,260	$506,081	($1,025,075)	$6,144,266	$444,963

On February 20, 2019, the Academy and the State Board of Education reached an agreement to settle the Academy's appeal of the Ohio Department of Education's FTE review determination for fiscal year 2016. The agreement resulted in the Academy owing $1,991,850 to the State Board of Education, which is being repaid through equal monthly Foundation deductions in fiscal years 2020 through 2025.

During fiscal year 2020, the Academy received a loan from the Paycheck Protection Program, which was established by the CARES Act, in the amount of $561,700. The loan had an interest rate of 1 percent, and the lender could demand repayment at any time. If in default, the interest rate was to be increased to 18 percent. Per the terms of the loan, the Academy could apply for the entire amount of the loan to be forgiven if certain criteria were met. During fiscal year 2021, the Academy filed for loan forgiveness and was legally released from the debt. Therefore, the liability has been removed.

Operating Leases

The Academy is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the Academy's basic financial statements. Total amount paid for such leases was $97,052 for fiscal year 2021. The following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms as of June 30, 2021:

Fiscal Year	Amount
2022	$65,066
2023	98,899
2024	80,749
2025	73,286
2026	67,147
2027-2031	302,608
Total Minimum Payments Required	$687,755

During fiscal year 2021, one of the Academy's lease agreements was amended for free rent in lieu of tenant allowance. In accordance with the agreement, the Academy replaced four of the heating, ventilation, and air conditioning (HVAC) units serving the leased premises. The HVAC units are property of the landlord, and the Academy was given free rent in lieu of tenant allowance for their costs of $44,698. Credits of $10,865 were applied to fiscal year 2021 rental payments, and the remaining credit balance of $33,833 will be applied to fiscal year 2022 rental payments. The credit amounts have been excluded from the amount paid for leases in fiscal year 2021 listed in the previous paragraph and from the table of minimum payments required. The credit balance at fiscal year end has been recorded as a prepaid.

Relationship with Quaker Preparatory Academy

The Quaker Digital Academy and the Quaker Preparatory Academy Board of Directors are composed of the same individuals and share the same Sponsor, New Philadelphia City School District. Quaker Preparatory Academy utilizes office space in a building in which rent and related utilities are paid exclusively by Quaker Digital Academy. Additionally, employees paid exclusively by Quaker Digital Academy are also utilized by Quaker Preparatory Academy. The amount of these shared services paid by Quaker Digital Academy and benefiting Quaker Preparatory Academy totaled approximately $85,367 for fiscal year 2021.

Note 29 – Quaker Preparatory Academy

The Quaker Preparatory Academy (the Academy) has been determined to be a discrete component unit, as the School District is able to impose its will on the Academy, and due to the Academy's relationship with the School District, it would be misleading to exclude the Academy. Therefore, it has been included as part of the School District's basic financial statements. The Academy issues a publicly available, stand-alone financial report that includes financial statements and supplementary information. That report may be obtained by writing to Quaker Preparatory Academy, 248 Front Avenue SW, New Philadelphia, Ohio 44663.

Basis of Presentation

The Academy is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities and deferred inflows are included on the statement of net position. The Academy uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized at the time they are incurred.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Academy's basic financial statements are prepared using the accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Nonexchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements and donations. 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 Academy must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Academy, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Academy, deferred inflows of resources related to pension and OPEB plans are reported on the statement of net position.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through either external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net position restricted for other purposes includes special education, student wellness and success, and pandemic response.

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

Compensated Absences

The Academy reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Academy will compensate the employees for the benefits through paid time off or some other means.

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

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Deposits and Investments

At fiscal year end, the carrying amount of the Academy's deposits was $1,133 and the bank balance was $3,877. Protection of the Academy's deposits is provided by the Federal Deposit Insurance Corporation (FDIC). There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

As of June 30, 2021, the Academy had $461,214 invested in a repurchase agreement, which was measured at cost and had a daily maturity.

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Academy's investment policy addresses interest rate risk by requiring the Academy's investment portfolio to be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments. Repurchase agreements shall not exceed 30 days.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreement is exposed to custodial credit risk in that it is uninsured, unregistered, and held by the counterparty. The Academy has no investment policy dealing with the 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.

Credit Risk The Academy has no investment policy dealing with investment credit risk beyond the requirement of State statute.

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

Related Party Transactions

In fiscal year 2021, the Academy paid the School District $74,913 for services provided by the School District to the Academy, as well as insurance premiums paid by the School District for the Academy.

Capital Assets

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

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

Description	Estimated Lives
Furniture and Equipment	5-20 years

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

	Balance 7/1/20	Additions	Reductions	Balance 6/30/21
Capital Assets being depreciated:				
Furniture and Equipment	$0	$16,136	$0	$16,136
Accumulated Depreciation:				
Furniture and Equipment	0	(807)	0	(807)
Total Capital Assets, net	$0	$15,329	$0	$15,329

Defined Benefit Pension Plans

The Academy's contractually required contribution to SERS was $6,171 for fiscal year 2021. Of this amount $195 is reported as an intergovernmental payable. The Academy's contractually required contribution to STRS was $24,894 for fiscal year 2021. Of this amount $4,893 is reported as an intergovernmental payable.

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 Academy's proportion of the net pension liability was based on the Academy's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.00121760%	0.00129709%	
Prior Measurement Date	0.00000000%	0.00000000%	
Change in Proportionate Share	0.00121760%	0.00129709%	
Proportionate Share of the Net Pension Liability	$80,535	$313,850	$394,385
Pension Expense	$34,778	$88,302	$123,080

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$156	$704	$860
Changes of assumptions	0	16,848	16,848
Net difference between projected and actual earnings on pension plan investments	5,112	15,263	20,375
Changes in proportionate share and difference between Academy contributions and proportionate share of contributions	40,489	194,740	235,229
Academy contributions subsequent to the measurement date	6,171	24,894	31,065
Total Deferred Outflows of Resources	$51,928	$252,449	$304,377
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$2,007	$2,007

$31,065 reported as deferred outflows of resources related to pension resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$25,460	$58,999	$84,459
2023	16,565	53,616	70,181
2024	2,131	57,316	59,447
2025	1,601	55,617	57,218
Total	$45,757	$225,548	$271,305

Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (SERS) Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the Academy's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Academy's proportionate share of the net pension liability	$110,323	$80,535	$55,542

Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (STRS) The following table presents the Academy's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Academy's proportionate share of the net pension liability	$446,867	$313,850	$201,128

Defined Benefit OPEB Plans

For fiscal year 2021, the Academy's surcharge obligation was $0. The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Academy's contractually required contribution to SERS was $0 for fiscal year 2021. For fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to postemployment health care.

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The Academy's proportion of the net OPEB liability (asset) was based on the Academy's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.00111240%	0.00129709%	
Prior Measurement Date	0.00000000%	0.00000000%	
Change in Proportionate Share	0.00111240%	0.00129709%	
Proportionate Share of the:			
Net OPEB Liability	$24,176	$0	$24,176
Net OPEB (Asset)	$0	($22,796)	($22,796)
OPEB Expense	$5,062	($1,049)	$4,013

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$318	$1,461	$1,779
Changes of assumptions	4,121	376	4,497
Net difference between projected and actual earnings on OPEB plan investments	272	799	1,071
Changes in proportionate share and difference between Academy contributions and proportionate share of contributions	27,307	1,811	29,118
Total Deferred Outflows of Resources	$32,018	$4,447	$36,465
Deferred Inflows of Resources			
Differences between expected and actual experience	$12,295	$4,541	$16,836
Changes of assumptions	609	21,653	22,262
Total Deferred Inflows of Resources	$12,904	$26,194	$39,098

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$3,315	($5,582)	($2,267)
2023	3,335	(5,041)	(1,706)
2024	3,332	(4,851)	(1,519)
2025	3,358	(4,734)	(1,376)
2026	3,730	(740)	2,990
Thereafter	2,044	(799)	1,245
Total	$19,114	($21,747)	($2,633)

Sensitivity of the Academy's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates (SERS) The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the Academy's proportionate share of the net OPEB liability for SERS and what the Academy's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.63 percent) and higher (3.63 percent) than the current discount rate (2.63 percent). Also shown is what the Academy's proportionate share of the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
Academy's proportionate share of the net OPEB liability	$29,591	$24,176	$19,871

	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
Academy's proportionate share of the net OPEB liability	$19,037	$24,176	$31,049

Sensitivity of the Academy's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rates (STRS) The following table represents the Academy's proportionate share of the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the Academy's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the Academy's proportionate share of the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Academy's proportionate share of the net OPEB asset	$19,834	$22,796	$25,310

	1% Decrease	Current Trend Rate	1% Increase
Academy's proportionate share of the net OPEB asset	$25,154	$22,796	$19,925

Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the financial statements.

The changes in the Academy's long-term obligations during fiscal year 2021 were as follows:

	Amount Outstanding 07/01/20	Additions	Reductions	Amount Outstanding 06/30/21	Amount Due in One Year
Compensated Absences	$0	$4,583	($472)	$4,111	$3,738
Net Pension Liability:					
SERS	0	80,535	0	80,535	0
STRS	0	313,850	0	313,850	0
Total Net Pension Liability	0	394,385	0	394,385	0
Net OPEB Liability - SERS	0	24,176	0	24,176	0
Total Long-Term Liabilities	$0	$423,144	($472)	$422,672	$3,738

Operating Leases

The Academy is obligated under a certain lease accounted for as an operating lease. Operating leases do not give rise to property rights or lease obligations, and therefore the result of the lease agreement is not reflected in the Academy's basic financial statements. The total cost for the operating lease was $12,000 for fiscal year 2021. The following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms as of June 30, 2021:

Fiscal Year	Amount
2022	$12,000
2023	12,000
2024	12,000
2025	12,000
Total Minimum Payments Required	$48,000

Relationship with Quaker Digital Academy

The Quaker Digital Academy and the Quaker Preparatory Academy Board of Directors are composed of the same individuals and share the same Sponsor, New Philadelphia City School District. Quaker Preparatory Academy utilizes office space in a building in which rent and related utilities are paid exclusively by Quaker Digital Academy. Additionally, employees paid exclusively by Quaker Digital Academy are also utilized by Quaker Preparatory Academy. The amount of these shared services paid by Quaker Digital Academy and benefiting Quaker Preparatory Academy totaled approximately $85,367 for fiscal year 2021.

New Philadelphia City School District

Required Supplementary Information

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

School Employees Retirement System of Ohio

*Last Eight Fiscal Years (1) **

	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.11768340%	0.11648830%	0.12011700%
School District's Proportionate Share of the Net Pension Liability	$7,783,828	$6,969,699	$6,879,323
School District's Covered Payroll	$3,998,286	$4,115,630	$3,970,489
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	194.68%	169.35%	173.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%

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

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.11034270%	0.11057230%	0.10761540%	0.10779300%	0.10779300%
$6,592,733	$8,092,872	$6,140,639	$5,455,342	$6,410,103
$3,637,186	$3,439,007	$3,353,579	$3,132,244	$4,781,676
181.26%	235.33%	183.11%	174.17%	134.06%
69.50%	62.98%	69.16%	71.70%	65.52%

New Philadelphia City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
*Last Five Fiscal Years (1) **

	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.12186620%	0.11969640%	0.12169030%	0.11174770%	0.11166320%
School District's Proportionate Share of the Net OPEB Liability	$2,648,551	$3,010,113	$3,376,018	$2,999,015	$3,182,814
School District's Covered Payroll	$3,998,286	$4,115,630	$3,970,489	$3,637,186	$3,439,007
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	66.24%	73.14%	85.03%	82.45%	92.55%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%

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

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

See accompanying notes to the required supplementary information

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New Philadelphia City School District

Required Supplementary Information

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

State Teachers Retirement System of Ohio

*Last Eight Fiscal Years (1) **

	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.13088701%	0.12978737%	0.13004458%
School District's Proportionate Share of the Net Pension Liability	$31,669,999	$28,701,697	$28,593,883
School District's Covered Payroll	$15,912,071	$15,287,257	$14,878,821
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	199.03%	187.75%	192.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.30%

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

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.12633603%	0.12679097%	0.12198757%	0.12320180%	0.12320180%
$30,011,395	$42,440,760	$33,713,796	$29,966,941	$35,696,425
$13,966,664	$13,455,886	$13,338,414	$12,561,894	$14,026,523
214.88%	315.41%	252.76%	238.55%	254.49%
75.30%	66.80%	72.10%	74.70%	69.30%

New Philadelphia City School District

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net OPEB Asset/Liability

State Teachers Retirement System of Ohio

*Last Five Fiscal Years (1) **

	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Asset/Liability	0.13088701%	0.12978737%	0.13004458%	0.12633603%	0.12679097%
School District's Proportionate Share of the:					
Net OPEB Asset	$2,300,337	$2,149,590	$2,089,684	$0	$0
Net OPEB Liability	0	0	0	4,929,166	6,780,814
School District's Covered Payroll	$15,912,071	$15,287,257	$14,878,821	$13,966,664	$13,455,886
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	(14.46%)	(14.06%)	(14.04%)	35.29%	50.39%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	182.10%	174.70%	176.00%	47.10%	37.30%

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

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

See accompanying notes to the required supplementary information

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

	2021	2020	2019	2018
Net Pension Liability				
Contractually Required Contribution	$567,580	$559,760	$555,610	$536,016
Contributions in Relation to the Contractually Required Contribution	(567,580)	(559,760)	(555,610)	(536,016)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$4,054,143	$3,998,286	$4,115,630	$3,970,489
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%
Net OPEB Liability				
Contractually Required Contribution (2)	$75,234	$77,090	$95,131	$84,846
Contributions in Relation to the Contractually Required Contribution	(75,234)	(77,090)	(95,131)	(84,846)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	1.86%	1.93%	2.31%	2.14%
Total Contributions as a Percentage of Covered Payroll (2)	15.86%	15.93%	15.81%	15.64%

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

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013	2012
$509,206	$481,461	$442,002	$434,129	$661,784	$634,115
(509,206)	(481,461)	(442,002)	(434,129)	(661,784)	(634,115)
$0	$0	$0	$0	$0	$0
$3,637,186	$3,439,007	$3,353,579	$3,132,244	$4,781,676	$4,714,610
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%
$59,866	$54,830	$81,693	$56,533	$61,831	$71,904
(59,866)	(54,830)	(81,693)	(56,533)	(61,831)	(71,904)
$0	$0	$0	$0	$0	$0
1.65%	1.59%	2.44%	1.80%	1.29%	1.53%
15.65%	15.59%	15.62%	15.66%	15.13%	14.98%

New Philadelphia City School District

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

	2021	2020	2019	2018
Net Pension Liability				
Contractually Required Contribution	$2,289,234	$2,227,690	$2,140,216	$2,083,035
Contributions in Relation to the Contractually Required Contribution	(2,289,234)	(2,227,690)	(2,140,216)	(2,083,035)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$16,351,671	$15,912,071	$15,287,257	$14,878,821
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Asset/Liability				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

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

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013	2012
$1,955,333	$1,883,824	$1,867,378	$1,633,046	$1,823,448	$1,803,384
(1,955,333)	(1,883,824)	(1,867,378)	(1,633,046)	(1,823,448)	(1,803,384)
$0	$0	$0	$0	$0	$0
$13,966,664	$13,455,886	$13,338,414	$12,561,894	$14,026,523	$13,872,185
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%
$0	$0	$0	$125,619	$140,265	$138,722
0	0	0	(125,619)	(140,265)	(138,722)
$0	$0	$0	$0	$0	$0
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions – SERS

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

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2016 and prior are presented as follows:

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

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

Changes in Assumptions – STRS

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

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

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

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

Net OPEB Liability (Asset)

Changes in Assumptions – SERS

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

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

Changes in Assumptions – STRS

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

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

Changes in Benefit Terms – STRS

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 2020.

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

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

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

NEW PHILADELPHIA CITY SCHOOL DISTRICT
TUSCARAWAS 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	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
School Breakfast Program	10.553	N/A	$0	$11,876
National School Lunch Program	10.555	N/A	0	62,050
Non-Cash Assistance Subtotal			0	73,926
Cash Assistance:				
School Breakfast Program	10.553	N/A	0	176,063
National School Lunch Program	10.555	N/A	0	523,925
Cash Assistance Subtotal			0	699,988
Cash Assistance COVID-19:				
COVID-19 School Breakfast Program	10.553	N/A	0	14,742
COVID-19 National School Lunch Program	10.555	N/A	0	48,220
Cash Assistance COVID-19 Subtotal			0	62,962
Total Child Nutrition Cluster			0	836,876
Total U.S. Department of Agriculture			0	836,876
U.S. DEPARTMENT OF TREASURY				
Passed Through Ohio Department of Education				
COVID-19 Coronavirus Relief Fund				
COVID-19 Rural and Small Town School District	21.019	N/A	0	142,315
COVID-19 Broadband Ohio Connectivity		N/A	0	87,003
			0	229,318
Total U.S. Department of Treasury			0	229,318
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education				
Title I Grants to Local Educational Agencies				
Title I Grants to Local Educational Agencies	84.010	S010A190035	0	107,348
Title I Grants to Local Educational Agencies	84.010	S010A200035	20,539	602,154
Expanding Opportunities for Each Child	84.010A	S010A200035	0	14,263
Total Title I Grants to Local Educational Agencies			20,539	723,765
Special Education Cluster (IDEA):				
Special Education - Grants to State (IDEA, Part B)	84.027	H027A190111	0	28,595
Special Education - Grants to State (IDEA, Part B)	84.027	H027A200111	0	640,142
Special Education - Grants to State (IDEA, Part B) - Restoration	84.027A	H027A190111	0	19,388
Total Special Education - Grants to State (IDEA, Part B)			0	688,125
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A190119	0	3,509
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A200119	0	17,869
Total Special Education - Preschool Grants (IDEA Preschool)			0	21,378
Total Special Education Cluster (IDEA)			0	709,503
English Language Acquisition State Grants	84.365	S365A190035	0	4,528
	84.365	S365A200035	0	44,586
Total English Language Acquisition State Grants			0	49,114
Supporting Effective Instruction State Grant	84.367	S367A190034	0	4,500
	84.367	S367A200034	0	82,768
Total Supporting Effective Instruction State Grant			0	87,268
Student Support and Academic Enrichment Program	84.424	S424A200036	0	66,369
Education Stablization Fund				
COVID-19 Elementary and Secondary School Emergency Relief (ESSER)	84.425D	S425D200035	0	687,038
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	S425D200035	0	535,211
Total Education Stablization Fund			0	1,222,249
Total U.S. Department of Education			20,539	2,858,268
Total Expenditures of Federal Awards			**$20,539**	**$3,924,462**

The accompanying notes are an integral part of this Schedule.

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

The School District passes certain federal awards received from Ohio Department of Education to other governments or not-for-profit agencies (subrecipients). As Note B describes, the School District reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the School District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E - CHILD NUTRITION CLUSTER

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

NOTE F – FOOD DONATION PROGRAM

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

NOTE G - MATCHING REQUIREMENTS

Certain Federal programs require the School District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE H - TRANSFERS BETWEEN PROGRAM YEARS

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

Program Title	AL Number	Amt. Transferred
Title I Grants to Local Educational Agencies	84.010	$184,036
Special Education - Grants to States	84.027	$133,919
Supporting Effective Instruction State Grant	84.367	$65,291
English Language Acquisition State Grants	84.365	$19,674
Student Support and Academic Enrichment Program	84.424	$2,057
Special Education - Preschool Grants (IDEA Preschool)	84.173	$22,186
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	$4,609

OHIO AUDITOR OF STATE
KEITH FABER

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

New Philadelphia City School District
Tuscarawas County
248 Front Avenue, SW
New Philadelphia, Ohio 44663

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, the discretely presented component units, the major fund, and the aggregate remaining fund information of the New Philadelphia City School District, Tuscarawas County, (the School District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated April 29, 2022, wherein we noted the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

April 29, 2022

OHIO AUDITOR OF STATE
KEITH FABER

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

New Philadelphia City School District
Tuscarawas County
248 Front Avenue, SW
New Philadelphia, Ohio 44663

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited New Philadelphia City School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect New Philadelphia 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 School District's major federal programs.

The School District's basic financial statements include the operations of Quaker Digital Academy and Quaker Preparatory Academy, which expended $389,254 and $47,486, respectively, in federal awards which is not included in the School District's Schedule of Expenditures of Federal Awards during the year ended June 30, 2021. Our audit, described below, did not include the operations of the Quaker Digital Academy and the Quaker Preparatory Academy because the component units are legally separate from the primary government which this report addresses, and because the Academies expended less than $750,000 of Federal awards for the year ended June 30, 2021.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on the Elementary and Secondary School Emergency Relief Program

As described in Finding 2021-001 in the accompanying Schedule of Findings, the School District did not comply with requirements regarding activities allowed or unallowed and allowable costs/cost principles applicable to its AL# 84.425D and 84.425U Elementary and Secondary School Emergency Relief major federal program. Compliance with these requirements is necessary, in our opinion, for the School District to comply with requirements applicable to this program.

Qualified Opinion on the Elementary and Secondary School Emergency Relief Program

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Elementary and Secondary School Emergency Relief Program* paragraph, the School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its Elementary and Secondary School Emergency Relief Program for the year ended June 30, 2021.

Unmodified Opinion on the Other Major Federal Program

In our opinion, New Philadelphia City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings for the year ended June 30, 2021.

Other Matters

The School District's response to our noncompliance finding is described in the accompanying corrective action plan. We did not subject the School District's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying Schedule of Findings as item 2021-001.

The School District's responses to our internal control over compliance findings are described in the accompanying Corrective Action Plan. We did not subject the School District's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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

April 29, 2022

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?**	Yes
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion:** • Unmodified – Child Nutrition Cluster (AL# 10.553 and 10.555) • Qualified – Elementary and Secondary School Emergency Relief (AL# 84.425D and 84.425U)	
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	Yes
(d)(1)(vii)	**Major Programs (list):** • AL #10.553 and 10.555 – Child Nutrition Cluster (includes COVID-19) • AL #84.425D and 84.425U – Elementary and Secondary School Emergency Relief	
(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?**	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Finding Number:	**2021-001**
AL Number and Title:	**AL # 84.425D and 84.425U Elementary and Secondary School Emergency Relief**
Federal Award Identification Number / Year:	**S425D200035 / 2021**
Federal Agency:	**U.S. Department of Education**
Compliance Requirement:	**Activities Allowed or Unallowed and Allowable Costs/Cost Principles**
Pass-Through Entity:	**Ohio Department of Education**
Repeat Finding from Prior Audit?	**No**

Noncompliance and Material Weakness

2 C.F.R. § 3474.1 gives regulatory effect to the Department of Education for 2 C.F.R. §§ 200.1, 200.303, 200.400(d) and 200.403(g).

2 C.F.R. § 200.303(a) states that a non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States or the *Internal Control Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

2 C.F.R § 200.1 defines an improper payment as any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Incorrect amounts are overpayments or underpayments that are made to eligible recipients (including inappropriate denials of payment or service, any payment that does not account for credit for applicable discounts, payments that are for an incorrect amount, and duplicate payments). An improper payment also includes any payment that was made to an ineligible recipient or for an ineligible good or service, or payments for goods or services not received (except for such payments authorized by law). **2 C.F.R. § 200.400(d)** provides that the non-federal entity must support the accumulation of costs as required by the principles, and must provide for adequate documentation to support costs charge to the federal award. **2 C.F.R. § 200.403(g)** states that the cost must be adequately documented.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2021-001 (Continued)

Noncompliance and Material Weakness (Continued)

The School District elected to reallocate expenses to the Elementary and Secondary School Emergency Relief Program (ESSER) that were originally expensed from the General Fund based on three purchase order encumbrances rather than actual expense activity charged to the three purchase orders. One of the purchase orders had no expenses charged against it and one purchase order had a remaining encumbrance balance, as the full purchase order was not expensed. This resulted is unsupported expenses of $278,465. The School District was able to identify other expenses within the General Fund that qualified as allowable ESSER expenditures. However, no internal controls could be identified to prevent or timely detect and correct material noncompliance in relation to the reallocation of federal expenditures. There was no documentation to support the Treasurer (who serves as the grant coordinator) was involved in the reallocation process.

The School District should ensure that appropriate internal controls are in place and operating effectively as required by the Uniform Guidance. Without appropriate controls, there is a risk that expenditures charged to a federal program do not meet federal allowable activities and allowable cost requirements.

Officials' Response: See Corrective Action Plan

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SUPERINTENDENT
Amy Wentworth

ASSISTANT SUPERINTENDENT
Jeffery Williams

TREASURER
Julie A. Erwin, CPA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Noncompliance and Material Weakness	Corrected	N/A
2020-002	Material Weakness	Corrected	Bids are accepted for all purchases over $10,000.

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TREASURER
Julie A. Erwin, CPA

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
June 30, 2021

Finding Number:	2021-001
Planned Corrective Action:	Use the controls that are currently in place with Fidelity
Anticipated Completion Date:	02/14/2022
Responsible Contact Person:	Julie Erwin, Treasurer

Corrective Action Plan

The ESSER Funds permitted reallocation of expenses. When the reallocation was completed, the total of the purchase order was used in error. The intent was to reallocate the expenses charged against the purchase order. Due to the supply chain shortage, the one of the purchase orders was later closed. The issue was an unintentional error. When brought to the attention of the Treasurer, we located expenditures to replace the ones that were erroneously reallocated. The control failure was caused because the Budgetary Clerk did the original reallocation and approved the purchase orders for the correction.

The stated control of the Treasurer approving all Purchase Order in SCView was not implemented with fidelity during the pandemic due to the amount of additional requirements placed on the Treasurer and Treasurer's staff members. The control is now being implemented for all Purchase Orders.

The second control in place is the Treasurer signing all invoices for approval prior to payment. During the pandemic, the Treasurer's office worked from home for two weeks. When returning to the office, the process was not followed. Since the issue has been brought to the Treasurer's attention, the Treasurer is initialing all invoices prior to payment.

Both control issues have been corrected at this time.

It is worth noting, the ESSER funds allow reallocation which is usually not permitted. Reallocations will not be performed in the future as they have for this grant.

OHIO AUDITOR OF STATE
KEITH FABER

NEW PHILADELPHIA CITY SCHOOL DISTRICT

TUSCARAWAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 5/17/2022