

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY**



SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2021

PLATTENBURG
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Education
North College Hill City School District
1731 Goodman Avenue
Cincinnati, Ohio 45239

We have reviewed the *Independent Auditor's Report* of North College Hill City School District, Hamilton County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. North College Hill City School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 30, 2021

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**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY
FOR THE YEAR ENDED JUNE 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

Board of Education
North College Hill City School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North College Hill City School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison schedules and schedules of pension information and other postemployment information to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
December 8, 2021

**North College Hill City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

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

Financial Highlights

Key financial highlights for 2021 are as follows:

- Net position of governmental activities decreased \$2,175,405 which represents a 21% decrease from 2020.
- General revenues accounted for \$18,495,194 in revenue or 71% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$7,706,407 or 29% of total revenues of \$26,201,601.
- The District had \$28,377,006 in expenses related to governmental activities; \$7,706,407 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$18,495,194 were also used to provide for these programs.

Overview of the Financial Statements

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

The *Government-wide Financial Statements* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. *Fund financial statements* provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The General Fund, Title I, and the Debt Service Fund are the major funds of the District.

Government-Wide Financial Statements

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

**North College Hill City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, the overall financial position of the District is presented as Governmental Activities – All of the District's programs and services are reported as Governmental Activities including instruction, support services, operation of noninstructional services, extracurricular activities, and interest and fiscal charges.

Fund Financial Statements

The analysis of the District's major funds are presented in the Fund Financial Statements. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

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

The District as a Whole

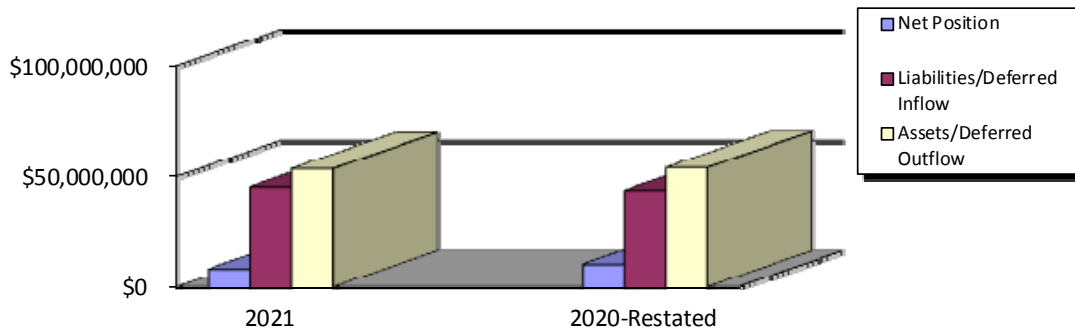
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2021 compared to 2020:

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**North College Hill City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

**Table 1
Net Position**

	Governmental Activities	
	2021	2020-Restated
Assets:		
Current and Other Assets	\$12,330,501	\$12,624,866
Net OPEB Asset	1,363,033	1,158,430
Capital Assets	<u>32,467,842</u>	<u>33,519,582</u>
Total Assets	<u>46,161,376</u>	<u>47,302,878</u>
Deferred Outflows of Resources:		
Deferred Charge on Refunding	475,943	507,672
Pension	6,104,402	5,483,010
OPEB	<u>812,397</u>	<u>729,144</u>
Total Deferred Outflows of Resources	<u>7,392,742</u>	<u>6,719,826</u>
Liabilities:		
Other Liabilities	1,996,998	2,331,419
Long-Term Liabilities	<u>37,976,608</u>	<u>34,790,015</u>
Total Liabilities	<u>39,973,606</u>	<u>37,121,434</u>
Deferred Inflows of Resources:		
Property Taxes	2,891,080	3,765,000
Pension	120,294	873,051
OPEB	<u>2,342,404</u>	<u>1,861,080</u>
Total Deferred Inflows of Resources	<u>5,353,778</u>	<u>6,499,131</u>
Net Position:		
Net Investment in Capital Assets	21,552,248	22,127,014
Restricted	1,585,884	1,062,638
Unrestricted	<u>(14,911,398)</u>	<u>(12,787,513)</u>
Total Net Position	<u>\$8,226,734</u>	<u>\$10,402,139</u>



**North College Hill City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the District's assets and deferred outflows exceeded liabilities and deferred inflows by \$8,226,734.

At year-end, capital assets represented 70% of total assets. Capital assets include land, construction progress, land improvements, vehicles, buildings and improvements, and furniture and equipment. Net investment in capital assets at June 30, 2021, was \$22,552,248. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$1,585,884 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Total assets decreased from the prior year mainly due to a decrease in current assets from 2020 to 2021. Long-term liabilities increased mainly due to an increase in the net pension liability.

Table 2 shows the changes in net position for fiscal years 2021 and 2020.

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**North College Hill City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

**Table 2
Changes in Net Position**

	Governmental Activities	
	2021	2020-Restated
Revenues:		
Program Revenues		
Charges for Services	\$454,252	\$534,629
Operating Grants, Contributions	7,252,155	5,841,599
General Revenues:		
Property Taxes	6,570,009	3,664,849
Grants and Entitlements	11,333,651	11,447,090
Investment Earnings	18,909	272,959
Other	572,625	461,256
Total Revenues	<u>26,201,601</u>	<u>22,222,382</u>
Program Expenses:		
Instruction	19,094,323	16,520,439
Support Services:		
Pupil and Instructional Staff	3,338,958	3,278,775
School Administrative, General		
Administration, Fiscal and Business	2,434,828	2,330,009
Operations and Maintenance	1,145,114	1,109,860
Pupil Transportation	483,066	526,558
Central	250,465	216,621
Operation of Non-Instructional Services	937,688	988,559
Extracurricular Activities	308,353	295,920
Interest and Fiscal Charges	384,211	414,251
Total Program Expenses	<u>28,377,006</u>	<u>25,680,992</u>
Change in Net Position	(2,175,405)	(3,458,610)
Net Position - Beginning of Year, restated	<u>10,402,139</u>	<u>13,860,749</u>
Net Position - End of Year	<u>\$8,226,734</u>	<u>\$10,402,139</u>

The District revenues are mainly from three sources. Property taxes levied for general, debt service and capital projects purposes, grants and entitlements, and operating grants and contributions comprised 96% of the District's revenues for governmental activities.

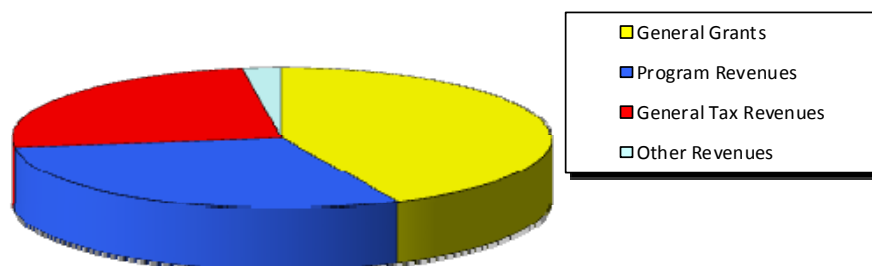
The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 25% of revenue for governmental activities for the District in fiscal year 2021.

**North College Hill City School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

**Governmental Activities
Revenue Sources**

	2021	Percentage
General Grants	\$11,333,651	43%
Program Revenues	7,706,407	30%
General Tax Revenues	6,570,009	25%
Other Revenues	591,534	2%
Total Revenue Sources	\$26,201,601	100%



Instruction comprises 67% of governmental program expenses. Support services expenses were 27% of governmental program expenses. All other expenses including interest and fiscal charges were 6%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Program revenues increased from the prior year due to an increase in operating grants and contributions (Federal grant monies received). Total expenses increased due to changes related to net pension liability and other post employment benefits liability adjustments.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. These services are mainly supported by tax revenue and unrestricted State entitlements.

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2021	2020-Restated	2021	2020-Restated
Instruction	\$19,094,323	\$16,520,439	(\$13,936,280)	(\$12,366,240)
Support Services:				
Pupil and Instructional Staff	3,338,958	3,278,775	(1,992,047)	(2,075,926)
School Administrative, General				
Administration, Fiscal and Business	2,434,828	2,330,009	(2,425,292)	(2,305,391)
Operations and Maintenance	1,145,114	1,109,860	(1,093,757)	(1,053,740)
Pupil Transportation	483,066	526,558	(287,582)	(509,316)
Central	250,465	216,621	(221,197)	(216,621)
Operation of Non-Instructional Services	937,688	988,559	(39,380)	(113,356)
Extracurricular Activities	308,353	295,920	(290,853)	(249,923)
Interest and Fiscal Charges	384,211	414,251	(384,211)	(414,251)
Total Expenses	\$28,377,006	\$25,680,992	(\$20,670,599)	(\$19,304,764)

**North College Hill City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

The District's Funds

The District has three major governmental funds: the General Fund, Title I, and the Debt Service Fund. Assets of these funds comprised \$11,244,445 (89%) of the total \$12,694,067 governmental funds' assets.

General Fund: Fund balance at June 30, 2021 was \$4,999,378 including \$4,839,749 of unassigned balance. The District had an increase in fund balance of \$270,995. The increase in fund balance was due to an increase in property tax revenues when compared to 2020.

Title I: Fund balance at June 30, 2021 was (\$316,403), a decrease in fund balance of \$87,934. Fund balance decreased compared to the prior year due to an increase in special expenditures.

Debt Service Fund: Fund balance at June 30, 2021 was \$900,141, an increase in fund balance of \$306,727. Fund balance increased compared to the prior year due to an increase in property tax revenues.

General Fund Budgeting Highlights

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

The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, the final budgeted revenue was \$17,454,411 and the original budgeted revenue was \$17,454,411. The District's final budgeted revenue was \$1,315,779 less than actual revenue. This was due to underestimating tax and intergovernmental revenues.

The District's unobligated cash balance for the General Fund was \$4,560,758.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the District had \$32,467,842 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. Table 4 shows fiscal year 2021 balances compared to fiscal year 2020:

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**North College Hill City School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

**Table 4
Capital Assets at Year End
(Net of Depreciation)**

	Governmental Activities	
	2021	2020
Land	\$84,688	\$84,688
Land Improvements	818,306	937,085
Construction in Progress	64,109	0
Buildings and Improvements	30,884,227	31,852,866
Furniture and Equipment	544,033	607,458
Vehicles	72,479	37,485
Total Net Capital Assets	<u>\$32,467,842</u>	<u>\$33,519,582</u>

Total Net Capital Assets increased in 2021 as compared to 2020 because depreciation expense was less than current year additions. See Note 8 to the Basic Financial Statements for further details on the District’s capital assets.

Debt

At June 30, 2021, the District had \$11,391,537 in debt outstanding, \$496,000 due within one year. Table 5 summarizes total debt outstanding.

**Table 5
Outstanding Debt at Year End**

	2021	2020
General Obligation Bonds Payable:		
2010 Capital Appreciation Bonds	\$0	\$15,000
Accreted Interest on Capital Appreciation Bonds	0	48,800
2008 Certificate of Participation Bonds	2,866,000	2,977,000
2016 Refunding Bonds	7,810,000	8,145,000
Premium on 2016 Refunding Bonds	715,537	763,240
Total Outstanding Debt at Year End	<u>\$11,391,537</u>	<u>\$11,949,040</u>

See Note 9 to the Basic Financial Statements for further details on the District’s obligations.

Contacting the District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer of North College Hill City School District, 1731 Goodman Avenue, Cincinnati, Ohio 45239.

North College Hill City School District
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$5,521,427
Receivables (Net):	
Taxes	5,853,132
Accounts	1,894
Interest	11,591
Intergovernmental	940,778
Prepays	1,679
Net OPEB Asset	1,363,033
Nondepreciable Capital Assets	148,797
Depreciable Capital Assets, Net	<u>32,319,045</u>
 Total Assets	 <u>46,161,376</u>
Deferred Outflows of Resources:	
Deferred Charge on Refunding	475,943
Pension	6,104,402
OPEB	<u>812,397</u>
 Total Deferred Outflows of Resources	 <u>7,392,742</u>
Liabilities:	
Accounts Payable	31,644
Accrued Wages and Benefits	1,854,409
Contracts Payable	77,036
Accrued Interest Payable	33,909
Long-Term Liabilities:	
Due Within One Year	753,515
Due In More Than One Year	
Net Pension Liability	23,081,858
Net OPEB Liability	1,427,041
Other Amounts	<u>12,714,194</u>
 Total Liabilities	 <u>39,973,606</u>
Deferred Inflows of Resources:	
Property Taxes	2,891,080
Pension	120,294
OPEB	<u>2,342,404</u>
 Total Deferred Inflows of Resources	 <u>5,353,778</u>
Net Position:	
Net Investment in Capital Assets	21,552,248
Restricted for:	
Debt Service	986,622
Capital Projects	439,491
Locally Funded Programs	17,262
Classroom Facilities Maintenance	3,743
Student Activities	33,572
State Funded Programs	56,577
Federally Funded Programs	36,987
Food Service Operations	4,391
Other Purposes	7,239
Unrestricted	<u>(14,911,398)</u>
 Total Net Position	 <u><u>\$8,226,734</u></u>

See accompanying notes to the basic financial statements.

North College Hill City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$12,651,078	\$300,034	\$1,004,140	(\$11,346,904)
Special	6,433,925	99,297	3,731,569	(2,603,059)
Vocational	0	0	22,978	22,978
Other	9,320	25	0	(9,295)
Support Services:				
Pupil	2,043,719	563	641,553	(1,401,603)
Instructional Staff	1,295,239	33	704,762	(590,444)
General Administration	27,594	0	0	(27,594)
School Administration	1,757,382	0	9,536	(1,747,846)
Fiscal	635,297	0	0	(635,297)
Business	14,555	0	0	(14,555)
Operations and Maintenance	1,145,114	31,991	19,366	(1,093,757)
Pupil Transportation	483,066	0	195,484	(287,582)
Central	250,465	68	29,200	(221,197)
Operation of Non-Instructional Services	937,688	4,741	893,567	(39,380)
Extracurricular Activities	308,353	17,500	0	(290,853)
Interest and Fiscal Charges	384,211	0	0	(384,211)
Totals	\$28,377,006	\$454,252	\$7,252,155	(20,670,599)

General Revenues:	
Property Taxes Levied for:	
General Purposes	5,145,066
Debt Service Purposes	900,025
Capital Projects Purposes	524,918
Grants and Entitlements, Not Restricted	11,333,651
Revenue in Lieu of Taxes	80
Unrestricted Contributions	3,100
Investment Earnings	18,909
Other Revenues	569,445
Total General Revenues	18,495,194
Change in Net Position	(2,175,405)
Net Position - Beginning of Year, Restated	10,402,139
Net Position - End of Year	\$8,226,734

See accompanying notes to the basic financial statements.

North College Hill City School District
Balance Sheet
Governmental Funds
June 30, 2021

	General	Title I	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$4,517,012	\$0	\$595,141	\$409,274	\$5,521,427
Receivables (Net):					
Taxes	4,574,390	0	758,525	520,217	5,853,132
Accounts	1,894	0	0	0	1,894
Interest	11,011	0	0	580	11,591
Intergovernmental	4,448	416,941	0	519,389	940,778
Interfund	363,566	0	0	0	363,566
Prepays	1,370	147	0	162	1,679
Total Assets	9,473,691	417,088	1,353,666	1,449,622	12,694,067
Liabilities:					
Accounts Payable	20,967	3,496	0	7,181	31,644
Accrued Wages and Benefits	1,512,362	162,783	0	179,264	1,854,409
Compensated Absences	57,315	0	0	0	57,315
Contracts Payable	0	0	0	77,036	77,036
Interfund Payable	0	150,271	0	213,295	363,566
Total Liabilities	1,590,644	316,550	0	476,776	2,383,970
Deferred Inflows of Resources:					
Property Taxes	2,874,390	0	453,525	345,217	3,673,132
Grants and Other Taxes	0	416,941	0	519,389	936,330
Investment Earnings	9,279	0	0	489	9,768
Total Deferred Inflows of Resources	2,883,669	416,941	453,525	865,095	4,619,230
Fund Balances:					
Nonspendable	1,370	147	0	162	1,679
Restricted	0	0	900,141	526,525	1,426,666
Assigned	158,259	0	0	0	158,259
Unassigned	4,839,749	(316,550)	0	(418,936)	4,104,263
Total Fund Balances	4,999,378	(316,403)	900,141	107,751	5,690,867
Total Liabilities, Deferred Inflows and Fund Balance	\$9,473,691	\$417,088	\$1,353,666	\$1,449,622	\$12,694,067

See accompanying notes to the basic financial statements.

North College Hill City School District
 Reconciliation of Total Governmental Fund Balance to
 Net Position of Governmental Activities
 June 30, 2021

Total Governmental Fund Balance		\$5,690,867
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.		
Capital assets used in the operation of Governmental Funds		32,467,842
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent Property Taxes	782,052	
Interest	9,768	
Intergovernmental	936,330	
		<u>1,728,150</u>
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		
		(33,909)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(2,018,857)
Deferred charge on refunding associated with long-term liabilities that are not reported in the funds.		
		475,943
Deferred outflows and inflows or resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	6,104,402	
Deferred inflows of resources related to pensions	(120,294)	
Deferred outflows of resources related to OPEB	812,397	
Deferred inflows of resources related to OPEB	(2,342,404)	
		<u>4,454,101</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB Asset	1,363,033	
Net Pension Liability	(23,081,858)	
Net OPEB Liability	(1,427,041)	
Other Amounts	(11,391,537)	
		<u>(34,537,403)</u>
Net Position of Governmental Activities		<u><u>\$8,226,734</u></u>

See accompanying notes to the basic financial statements.

North College Hill City School District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Title I	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property and Other Taxes	\$5,135,876	\$0	\$886,773	\$525,188	\$6,547,837
Tuition and Fees	399,235	0	0	0	399,235
Investment Earnings	16,355	0	0	4,318	20,673
Intergovernmental	13,727,293	1,507,578	80,650	2,800,107	18,115,628
Extracurricular Activities	137	0	0	18,026	18,163
Charges for Services	0	0	0	4,825	4,825
Revenue in Lieu of Taxes	62	0	11	7	80
Other Revenues	600,141	0	0	4,434	604,575
Total Revenues	19,879,099	1,507,578	967,434	3,356,905	25,711,016
Expenditures:					
Current:					
Instruction:					
Regular	9,662,026	73,896	0	758,315	10,494,237
Special	4,395,759	790,662	0	509,954	5,696,375
Other	9,320	0	0	0	9,320
Support Services:					
Pupil	1,241,624	157,998	0	447,851	1,847,473
Instructional Staff	443,885	432,227	0	324,486	1,200,598
General Administration	26,098	0	0	0	26,098
School Administration	1,530,616	11,286	0	0	1,541,902
Fiscal	493,355	0	3,757	2,412	499,524
Business	14,555	0	0	0	14,555
Operations and Maintenance	970,719	0	0	121,689	1,092,408
Pupil Transportation	394,127	0	0	79,956	474,083
Central	194,439	0	0	26,022	220,461
Operation of Non-Instructional Services	9	129,443	0	784,433	913,885
Extracurricular Activities	213,322	0	0	87,222	300,544
Capital Outlay	0	0	0	45,785	45,785
Debt Service:					
Principal Retirement	0	0	350,000	111,000	461,000
Interest and Fiscal Charges	0	0	306,950	137,411	444,361
Total Expenditures	19,589,854	1,595,512	660,707	3,436,536	25,282,609
Excess of Revenues Over (Under) Expenditures	289,245	(87,934)	306,727	(79,631)	428,407
Other Financing Sources (Uses):					
Transfers In	0	0	0	99,501	99,501
Transfers (Out)	(18,250)	0	0	(81,251)	(99,501)
Total Other Financing Sources (Uses)	(18,250)	0	0	18,250	0
Net Change in Fund Balance	270,995	(87,934)	306,727	(61,381)	428,407
Fund Balance - Beginning of Year, Restated	4,728,383	(228,469)	593,414	169,132	5,262,460
Fund Balance - End of Year	\$4,999,378	(\$316,403)	\$900,141	\$107,751	\$5,690,867

See accompanying notes to the basic financial statements.

North College Hill City School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2021

Net Change in Fund Balance - Total Governmental Funds \$428,407

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

Governmental funds report capital asset additions 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 of the difference between capital asset additions and depreciation in the current period.

Capital assets used in governmental activities	220,217	
Depreciation Expense	<u>(1,271,957)</u>	(1,051,740)

Governmental funds report district pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employer contributions is reported as pension and OPEB expense.

Pension Contributions	1,608,264	
Pension Expense	(3,943,467)	
OPEB Contributions	39,395	
OPEB Expense	<u>5,860</u>	(2,289,948)

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

Delinquent Property Taxes	22,172	
Interest	(1,764)	
Intergovernmental	<u>470,177</u>	490,585

Repayment of bond principal along with accreted interest payments is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 509,800

In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due. (4,624)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences	(273,859)	
Amortization of Bond Premium	47,703	
Amortization of Deferred Charge on Refunding	<u>(31,729)</u>	(257,885)

Change in Net Position of Governmental Activities (\$2,175,405)

See accompanying notes to the basic financial statements.

North College Hill City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 1 - Description Of The School District

The North College Hill City School District (the “District”) was chartered by the Ohio State Legislature in 1832 by state laws enacted to create local Boards of Education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. The District employs 55 non-certified and 140 certified (including administrative) full-time and part-time employees to provide services to approximately 1,402 students in grades K through 12 and various community groups. It currently operates one elementary school (grades PK-4), one middle school, (grades 5-8), one high school (grades 9-12), and one alternative school (all grades).

Note 2 - Summary Of Significant Accounting Policies

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

Reporting Entity

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; (2) the District is legally entitled to or can otherwise access the organization’s resources; (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

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

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**North College Hill City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

JOINTLY GOVERNED ORGANIZATIONS

The Hamilton Clermont Cooperative Information Technology Center (HCC):

The District is a participant in the Hamilton Clermont Cooperative Information Technology Center (HCC). HCC is an association of public school districts within the boundaries of Hamilton and Clermont Counties. The organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member school districts. The governing board of HCC consists of the superintendents and/or treasurers of the participating districts. HCC is not accumulating significant financial resources nor is it experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. HCC exercises total control over the operations of the coalition including budgeting, appropriating, contracting and designating management. Financial information can be obtained from the Executive Director at HCC Information Technology Center, 7615 Harrison Avenue, Cincinnati, Ohio 45231-3107.

PUBLIC ENTITY RISK POOL

Cincinnati USA Regional Chamber Workers' Compensation Group Retro Plan:

The District participates in the Cincinnati USA Regional Chamber Workers' Compensation Group Retro Plan (GRP). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP.

Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Title I - To provide financial assistance to State and Local educational agencies to meet the special needs of educationally deprived children.

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

North College Hill City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District doesn't have any Fiduciary Funds.

Basis of Presentation and Measurement Focus

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

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

Basis of Accounting

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year

North College Hill City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

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

Deferred Outflows of Resources - In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources related to a deferred charge on refunding, OPEB, and pension are reported on the governmental-wide statement of net position. For more pension and OPEB related information, see Notes 11 and 12.

Deferred Inflows of Resources – In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, grants and other taxes, investment earnings, OPEB, and pension. 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 deferred inflows of resources on both the government-wide Statement of Net Position and the governmental fund financial statements. Grants and other taxes and investment earnings have been recorded as deferred inflows on the governmental fund financial statements. Deferred inflows related to pension and OPEB are reported on the government-wide statement of net position. For more pension and OPEB related information, see Notes 11 and 12.

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

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

Cash and Investments

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds are maintained in the pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the basic financial statements.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures their investment in STAR Ohio at the net asset value

North College Hill City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

(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.

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 \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund, food service fund, and the private purpose trust funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

Inventory

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

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 purchase and expenditure/expense is reported in the year in which services are consumed.

Capital Assets

Governmental capital assets are those assets that are specifically related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; however, 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. The District does not possess infrastructure.

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

**North College Hill City School District
 Notes to the Basic Financial Statements
 For the Fiscal Year Ended June 30, 2021**

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 10 years

Interfund Balances

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

Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2021, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees with years of service were considered expected to become eligible to retire.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2021, and reduced to the maximum payment allowed by labor contract and/or statute.

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

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditures to the extent that 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 from which the employees will be paid.

Accrued Liabilities and Long-Term Obligations

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

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

North College Hill City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, 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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the District. State statute authorizes the Treasurer to assign fund balance purchases on order provided such amounts have been lawfully appropriated.

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

The 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 of the elements in a statement of financial position. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the

North College Hill City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Bond Premiums and Compounded Interest on Capital Appreciation Bonds

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

On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds were issued. Accretion on the capital appreciation bonds is not reported. Interest on the capital appreciation bonds is recorded as an expenditure when the debt becomes due.

Estimates

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

Interfund Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. 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 basic financial statements.

Note 3 - Accountability

Deficit Fund Balances

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

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North College Hill City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	<u>Deficits</u>
Major Fund:	
Title I	\$316,403
Other Governmental Funds:	
Safe Routes to School	7,917
Title VI-B Grant	96,763
Title II-A	22,909
CARES Act	291,232
Total	<u>\$ 735,224</u>

These funds complied with Ohio State law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficit fund balances are the result of adjustments for accrued liabilities. Negative fund cash balances in these funds resulted from a lag between disbursements and grant funding that was requested but not received by fiscal year-end.

Note 4 – Deposits And Investments

The District maintains a cash and investment pool used by all funds. Each fund type’s portion of this pool is displayed in the basic financial statements as “Equity in Pooled Cash and Cash Equivalents.” Statutes require the classification of monies held by the District into three categories.

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current two-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 accounts, including passbook accounts.

Interim monies held by the 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.

North College Hill City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training 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).
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.

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2021, \$642,140 of the District's bank balance of \$892,140 was exposed to custodial credit risk because it was uninsured and collateralized.

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

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

North College Hill City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 50% of the deposits being secured or a rate set by the Treasurer of State.

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

	Fair Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Money Market Funds	\$8,408	N/A	0.00
Federal Home Loan Bank	289,087	Level 2	2.95
Federal Home Loan Mortgage	300,675	Level 2	3.20
Federal Farm Credit Bank	538,216	Level 2	2.90
Commercial Paper	999,523	Level 2	
Negotiable CDs	2,728,689	Level 2	0.32
STAR Ohio	398	N/A	0.11
Total Fair Value	<u>\$4,864,996</u>		
Portfolio Weighted Average Maturity			1.53

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2021. STAR Ohio is reported at its share price (Net Asset value per share), if applicable.

Interest Rate Risk

The District's investment policy follows State statute, which requires that an investment mature within five years of the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk

It is the District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings issued by nationally recognized statistical rating organizations. The District's investments in Federal Home Loan Mortgage, Federal Home Loan Bank, and Federal Farm Credit Bank were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The District's investments in Commercial Paper were rated A-1+ by Standard & Poor's and P-1 by Moody's Investors Service. STAR Ohio were rated AAAM by Standard & Poor's. The Money Market Funds and Negotiable CDs were not rated.

Concentration of Credit Risk

The District's investment policy requires investments to be diversified to reduce the risk of loss. The District's policy allows investment in Federal Agencies or Instrumentalities. The District has invested 11.06% Federal Farm Credit Bank, 20.55% in Commercial Paper, 6.18% in Federal Home Loan Mortgage, 56.09% in Negotiable CDs, 0.17% in Money Market Funds, 0.01% in STAR Ohio, and 5.94% in Federal Home Loan Bank.

**North College Hill City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

Custodial Credit Risk

Custodial risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District’s securities are either insured and registered in the name of the District or at least registered in the name of the District.

Note 5 - Interfund Transactions

Interfund balances at June 30, 2021 as reported on the fund statements, consist of the following individual interfund loans receivable and payable and transfer in and out:

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$363,566	\$0	\$0	\$18,250
Title I	0	150,271	0	0
Other Government Funds	0	213,295	99,501	81,251
Total All Funds	<u>\$363,566</u>	<u>\$363,566</u>	<u>\$99,501</u>	<u>\$99,501</u>

\$81,251 was transferred from Permanent Improvement Fund to the Facilities Maintenance Fund. This amount is required to be used for future maintenance.

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year. Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2021 are reported on the Statement of Net Position.

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar 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 thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenue received in calendar year 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 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.

North College Hill City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The District receives property taxes from Hamilton County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021 are available to finance fiscal year 2022 operations. The amount available to be advanced can vary based on the date tax bills are sent.

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

Agricultural/Residential and Other Real Estate	\$128,937,640
Public Utility Property	<u>9,293,390</u>
Total Assessed Value	<u><u>\$138,231,030</u></u>

Note 7 – Receivables

Receivables at June 30, 2021 consisted of taxes, accounts, interest, intergovernmental, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental Activities:	
Property Taxes	\$5,853,132
Accounts	1,894
Interest	11,591
Intergovernmental	<u>940,778</u>
Total	<u><u>\$6,807,395</u></u>

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**North College Hill City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

Note 8 - Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$84,688	\$0	\$0	\$84,688
Construction in Progress	0	64,109	0	64,109
Capital Assets, being depreciated:				
Land Improvements	2,321,248	0	0	2,321,248
Buildings and Improvements	43,624,495	83,777	0	43,708,272
Furniture and Equipment	3,514,887	28,285	0	3,543,172
Vehicles	84,493	44,046	0	128,539
Totals at Historical Cost	<u>49,629,811</u>	<u>220,217</u>	<u>0</u>	<u>49,850,028</u>
Less Accumulated Depreciation:				
Land Improvements	1,384,163	118,779	0	1,502,942
Buildings and Improvements	11,771,629	1,052,416	0	12,824,045
Furniture and Equipment	2,907,429	91,710	0	2,999,139
Vehicles	47,008	9,052	0	56,060
Total Accumulated Depreciation	<u>16,110,229</u>	<u>1,271,957</u>	<u>0</u>	<u>17,382,186</u>
Governmental Activities Capital Assets, Net	<u>\$33,519,582</u>	<u>(\$1,051,740)</u>	<u>\$0</u>	<u>\$32,467,842</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,193,843
Support Services:	
Pupils	568
Instructional Staff	17,558
School Administration	29,090
Fiscal	1,163
Operations & Maintenance	10,258
Operation of Non-Instructional Services	19,477
Total Depreciation Expense	<u>\$1,271,957</u>

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North College Hill City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 9 - Long-Term Obligations

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Bonds:					
General Obligation Bonds:					
2010 Capital Appreciation Bonds	15,000	0	15,000	0	0
Accreted Interest	48,800	0	48,800	0	0
2008 Certificate of Participation Bonds	2,977,000	0	111,000	2,866,000	116,000
2016 Refunding Bonds	8,145,000	0	335,000	7,810,000	380,000
Premium	763,240	0	47,703	715,537	0
Subtotal Bonds	11,949,040	0	557,503	11,391,537	496,000
Compensated Absences	1,802,705	497,603	224,136	2,076,172	257,515
Subtotal Bonds & Other Amounts	13,751,745	497,603	781,639	13,467,709	753,515
Net Pension Liability:					
STRS	15,467,563	3,298,053	0	18,765,616	0
SERS	3,904,943	411,299	0	4,316,242	0
Total Net Pension Liability	19,372,506	3,709,352	0	23,081,858	0
Net OPEB Liability:					
STRS	0	0	0	0	0
SERS	1,665,764	0	238,723	1,427,041	0
Total Net OPEB Liability	1,665,764	0	238,723	1,427,041	0
Total Long-term Obligations	\$34,790,015	\$4,206,955	\$1,020,362	\$37,976,608	\$753,515

School Improvement Bonds – In March 2008, North College Hill City School District issued general obligation bonds for construction of new school facilities. The bonds were issued for \$9,500,000 at a variable interest rate and mature December, 2035. Of these bonds, \$90,000 are classified as capital appreciation bonds. The capital appreciation bonds will mature in 2019 and 2020 at \$300,000 and \$305,000 respectively. The \$239,788 premium on the issuance of the bonds is netted against this new debt and will be amortized over the life of this new debt, which has a remainder of 26 years. The bonds will be retired through the Bond Retirement Fund using tax revenues.

In December 2010, North College Hill City School District issued general obligation bonds to pay off a previous note that was issued for the construction of new school facilities. The bonds were issued for \$1,325,000 at a variable interest rate and mature December 2035. Of these bonds, \$50,000 are classified as capital appreciation bonds. The capital appreciation bonds will mature in 2019, 2020, and 2021 at \$50,000 each. The \$38,625 premium on the issuance of the bonds is netted against this new debt and will be amortized over the life of this new debt, which has a remainder of 23 years. The bonds will be retired through the Bond Retirement Fund using tax revenues.

Advance Refunding

On March 29, 2017 the District issued \$7,340,000 and \$995,000 in Current Interest Bonds with an interest rate of between 1.09% and 4.0% which was used to advance refund \$7,390,000 of the outstanding 2008 Bonds and \$945,000 of the outstanding 2010 Bonds respectively. The net proceeds of \$9,289,052 (after payment of underwriting fees, insurance, and other issuance costs) were used to

North College Hill City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the bonds issues. As a result, \$8,335,000 of the 2008 and 2010 Bonds are considered to be defeased and the related liability for those bonds have been removed from the Statement of Net Position.

The District advance refunded 2008 and 2010 Bonds to reduce its total debt service payments by \$917,418 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$760,003.

Pursuant to changes that became effective on September 14, 2000, Section 3318.05 of the Ohio Revised Code was amended eliminating the requirement that certain school districts receiving State classroom facilities assistance repay one-half of the required twenty-three year one-half mill levy. From that date forward any school district that had previously been required to make repayment has been directed to cease making the payments to the Ohio School Facilities Commission and to instead deposit one hundred percent of the proceeds in the Classroom Facilities Maintenance Non-major Special Revenue Fund designated by the Auditor of State.

The annual requirements to retire the general obligation debt outstanding at June 30, 2021 are as follows:

Fiscal Year Ending June 30	General Obligation Bonds		
	Principal	Interest	Total
2022	\$380,000	\$309,950	\$689,950
2023	390,000	297,600	687,600
2024	435,000	249,550	684,550
2025	455,000	238,375	693,375
2026	465,000	224,575	689,575
2027-2031	2,570,000	876,750	3,446,750
2032-2036	3,115,000	320,300	3,435,300
Total	<u>\$7,810,000</u>	<u>\$2,517,100</u>	<u>\$10,327,100</u>

The following table represents the payments required on the Certificate of Participation for the amount outstanding at June 30, 2021:

Fiscal Year Ending June 30	Certificate of Participation		
	Principal	Interest	Total
2022	\$116,000	\$126,460	\$242,460
2023	123,000	121,082	244,082
2024	129,000	115,412	244,412
2025	135,000	109,472	244,472
2026	142,000	103,240	245,240
2027-2031	827,000	410,742	1,237,742
2032-2036	1,394,000	170,236	1,564,236
Total	<u>\$2,866,000</u>	<u>\$1,156,644</u>	<u>\$4,022,644</u>

The certificate of participation obligation relates to the construction of additions and improvements to the high school and middle school. The District is leasing a portion of the project from the Columbus Port Authority. The Columbus Port Authority has assigned US Bank as trustee. US Bank deposited

North College Hill City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

\$3,965,000 in the Districts name with the escrow agent for the construction projects in fiscal year 2008. During 2008, the District requested all of the funds previously held by the escrow agent. The District makes semi-annual payments to US Bank. The payments for this debt will be paid from the Permanent Improvement Fund using tax revenues.

Compensated absences will be paid from the fund from which the employee is paid.

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from their service.

Note 10 - Risk Management

Comprehensive

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2021, the District contracted with Utica National Insurance Group for liability, property, and fleet insurance.

Coverages provided by the Utica National Insurance Group are as follows:

<u>Description</u>	<u>Amount</u>
Building and Contents	\$46,400,317
Deductible	2,500
Liability	
School Board Errors and Omissions Liability	
Each wrongful act limit	1,000,000
Annual aggregate limit	2,000,000
Deductible	2,500
General Liability	
Per occurrence combined single limit	1,000,000
Annual aggregate limit	3,000,000
Employee Benefits Liability	
Each wrongful act limit	1,000,000
Annual aggregate limit	3,000,000
Stop Gap	
Each accident	1,000,000
Disease each employee	1,000,000
Disease policy limit	1,000,000
Automotive Liability	
Liability	
Per occurrence combined single limit	1,000,000
Medical payments limit	5,000
Uninsured/underinsured motorists coverage	1,000,000
Auto Physical Damage (actual cash value)	
Comprehensive deductible	500
Collision deductible	1,000

Settled claims have not exceeded this commercial coverage in any of the past three years.

Workers' Compensation

The District participates in the Cincinnati USA Regional Chamber Workers' Compensation Group Retro Plan (GRP). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP.

Each participant pays its workers' compensation premium to the state based on their individual experience rate. The BWC will evaluate the total performance of the group annually for 3 years beginning one year after the end of the program year. If the group performs well, the BWC will issue a refund. If the group has higher claims cost (after the claims and premium are applied to a formula) than the premium paid, the group participants will receive an assessment (for Sheakley groups, that risk is a 10% assessment over the 3 years). The district receives a percentage of that refund relative to the premium contributed to that group. Participation in the GRP is limited to entities that can meet the GRP's selection criteria. The firm of Sheakley UniService provides administrative, cost control and actuarial services to the GRP. Each fiscal year, the District pays an enrollment fee to the GRP to cover the costs of administering the program.

Note 11 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

**North College Hill City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description

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

Age and service requirements for retirement are as follows:

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

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

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

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

Changes in Benefits between Measurement Date and the Fiscal Year End

In September 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021. The effects of these changes are unknown.

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

**North College Hill City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

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 \$299,944 for fiscal year 2021. Of this amount \$38,280 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

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

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

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

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

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

**North College Hill City School District
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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 \$1,308,320 for fiscal year 2021. Of this amount \$132,002 is reported as accrued wages and benefits.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$4,316,242	\$18,765,616	\$23,081,858
Proportion of the Net Pension Liability:			
Current Measurement Date	0.06525710%	0.07755527%	
Prior Measurement Date	<u>0.06526540%</u>	<u>0.06994340%</u>	
Change in Proportionate Share	-0.00000830%	0.00761187%	
Pension Expense	\$604,860	\$3,338,606	\$3,943,466

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

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North College Hill City School District
Notes to the Basic Financial Statements
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	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$8,384	\$42,105	\$50,489
Changes of assumptions	0	1,007,351	1,007,351
Net difference between projected and actual earnings on pension plan investments	273,994	912,574	1,186,568
Changes in employer proportionate share of net pension liability	20,497	2,231,233	2,251,730
Contributions subsequent to the measurement date	299,944	1,308,320	1,608,264
Total Deferred Outflows of Resources	\$602,819	\$5,501,583	\$6,104,402
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$119,993	\$119,993
Changes in employer proportionate share of net pension liability	301	0	301
Total Deferred Inflows of Resources	\$301	\$119,993	\$120,294

\$1,608,264 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year	SERS	STRS	Total
Ending June 30:			
2022	\$20,015	\$1,401,418	\$1,421,433
2023	82,569	975,529	1,058,098
2024	114,207	969,620	1,083,827
2025	85,783	726,704	812,487
Total	\$302,574	\$4,073,271	\$4,375,845

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.

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

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

Inflation	3.00%
Future Salary Increases, including inflation	3.50% - 18.20%
COLA or Ad Hoc COLA	2.50%
Investment Rate of Return	7.50% net of investments 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

**North College Hill City School District
 Notes to the Basic Financial Statements
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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 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	\$5,912,725	\$4,316,242	\$2,976,763

Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End

Based on a new experience study for the five years ending June 30, 2020, the SERS Board lowered the investment rate of return from 7.50 percent to 7.00 percent, lowered inflation from 3.00 percent to 2.40 percent, reduced wage inflation from 3.50 percent to 3.25 percent, reduced COLA from 2.50 percent to 2.00 percent, along with certain other changes for the actuarial valuation as of June 30, 2021. The effects of these changes are unknown.

Actuarial Assumptions - STRS

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

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Discount Rate of Return	7.45%
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0%, 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:

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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%, but does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate

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

The following table presents the County'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 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 <u>6.45%</u>	Current Discount Rate <u>7.45%</u>	1% Increase <u>8.45%</u>
Proportionate share of the net pension liability	\$26,718,970	\$18,765,616	\$12,025,811

Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End

The STRS Board approved a change in the discount rate from 7.45 percent to 7.00 percent for the June 30, 2021 valuation. The effect on the net pension liability is unknown.

Note 12 - Defined Benefit OPEB Plans

See Note 11 for a description of the net OPEB liability (asset).

**North College Hill City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description

The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. 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 \$88,639.

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 \$39,395 for fiscal year 2021.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

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

North College Hill City School District
Notes to the Basic Financial Statements
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Funding Policy

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

Net OPEB Liabilities (Assets), OPEB Expense (Income), 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$1,427,041	\$0	\$1,427,041
Proportionate Share of the Net OPEB (Asset)	0	(1,363,033)	(1,363,033)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.06566160%	0.07755527%	
Prior Measurement Date	<u>0.06623870%</u>	<u>0.06994340%</u>	
Change in Proportionate Share	-0.00057710%	0.00761187%	
OPEB Expense	\$19,908	(\$25,768)	(\$5,860)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$18,743	\$87,337	\$106,080
Changes of assumptions	243,261	22,500	265,761
Net difference between projected and actual earnings on OPEB plan investments	16,079	47,770	63,849
Changes in employer proportionate share of net OPEB liability	123,338	213,974	337,312
Contributions subsequent to the measurement date	<u>39,395</u>	<u>0</u>	<u>39,395</u>
Total Deferred Outflows of Resources	<u>\$440,816</u>	<u>\$371,581</u>	<u>\$812,397</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$725,750	\$271,497	\$997,247
Changes of assumptions	35,944	1,294,654	1,330,598
Changes in employer proportionate share of net OPEB liability	<u>14,559</u>	<u>0</u>	<u>14,559</u>
Total Deferred Inflows of Resources	<u>\$776,253</u>	<u>\$1,566,151</u>	<u>\$2,342,404</u>

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\$39,395 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year			
Ending June 30:	SERS	STRS	Total
2022	(\$67,118)	(\$296,696)	(\$363,814)
2023	(65,955)	(264,362)	(330,317)
2024	(66,144)	(253,019)	(319,163)
2025	(77,848)	(259,558)	(337,406)
2026	(70,579)	(56,842)	(127,421)
Thereafter	(27,189)	(64,093)	(91,282)
Total	<u>(\$374,833)</u>	<u>(\$1,194,570)</u>	<u>(\$1,569,403)</u>

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>5.00%</u>	6.65%
Total	<u>100.00%</u>	

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Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability 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 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. 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 Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates

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

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
Proportionate share of the net OPEB liability	\$1,746,663	\$1,427,041	\$1,172,943
	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%)
Proportionate share of the net OPEB liability	\$1,123,687	\$1,427,041	\$1,832,705

Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End

Based on a new experience study for the five years ending June 30, 2020, the SERS Board reduced the wage growth assumption from 3.50 percent to 3.25 percent and increased the health care rate of return from 5.25 percent to 7.00 percent. The effects of these changes are unknown.

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 below:

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Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Payroll Increases	3.00%
Discount Rate of Return	7.45%
Health Care Cost Trends:	
Medical	
Pre-Medicare	5.00% initial, 4% ultimate
Medicare	-6.69% initial, 4% ultimate
Prescription Drug	
Pre-Medicare	6.50% initial, 4% ultimate
Medicare	11.87% initial, 4% 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.

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%	

**North College Hill City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

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

Discount Rate

The discount rate used to measure the total OPEB 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 Proportionate Share of the Net OPEB (Asset) to Changes in the Discount and Health Care Cost Trend Rate

The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Proportionate share of the net OPEB (asset)	(\$1,185,927)	(\$1,363,033)	(\$1,513,300)
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$1,503,973)	(\$1,363,033)	(\$1,191,347)

Note 13 – Contingencies

Grants

The District receives significant financial assistance from numerous federal, state, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

Litigation

The District is involved in no material litigation as either plaintiff or defendant.

North College Hill City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 14 - Statutory Reserves

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2021, the reserve activity was as follows:

	Capital Acquisition
Set Aside Reserve Balance as of June 30, 2020	\$0
Current Year Set Aside Requirements	274,288
Qualified Disbursements	(406,734)
Current Year Offsets	0
Set Aside Reserve Balance as of June 30, 2021	<u>(\$132,446)</u>
Restricted Cash as of June 30, 2021	<u>\$0</u>

Note 15 – Fund Balances

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

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North College Hill City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Fund Balances	General	Title I	Debt Service	Nonmajor Governmental Funds	Total
Nonspendable:					
Prepays	\$1,370	\$147	\$0	\$162	\$1,679
Total Nonspendable	1,370	147	0	162	1,679
Restricted for:					
District Managed Activity Support	0	0	0	33,425	33,425
Title III	0	0	0	2,220	2,220
Food Service Operation	0	0	0	7,016	7,016
Student Wellness and Success	0	0	0	75,263	75,263
Coronavirus Relief	0	0	0	1,203	1,203
Student Managed Activity	0	0	0	147	147
Local Grant	0	0	0	17,262	17,262
OSFC	0	0	0	3,743	3,743
Special Trust	0	0	0	7,092	7,092
Miscellaneous State Grants	0	0	0	92	92
Miscellaneous Federal Grants	0	0	0	0	0
Replacement	0	0	0	9,258	9,258
OSFC Maintenance	0	0	0	18	18
Debt Service	0	0	900,141	0	900,141
Permanent Improvements	0	0	0	369,786	369,786
Total Restricted	0	0	900,141	526,525	1,426,666
Assigned to:					
Public Schools	4,282	0	0	0	4,282
Encumbrances	153,977	0	0	0	153,977
Total Assigned	158,259	0	0	0	158,259
Unassigned (Deficit)	4,839,749	(316,550)	0	(418,936)	4,104,263
Total Fund Balance	\$4,999,378	(\$316,403)	\$900,141	\$107,751	\$5,690,867

Note 16 – Implementation of New Accounting Principles and Restatement of Net Position/Fund Balance

New 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, and GASB Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and GASB Statements No. 61.

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 certain funds have been reclassified as governmental funds. If applicable, fund reclassifications resulted in the restatement of the School District’s financial statements.

North College Hill City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

GASB Statement No. 90 improves consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations. This Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the District.

Restatement of Fund Balance/Net Position

The implementation of GASB 84 had the following effect on fund balance as reported at June 30, 2020:

	Other Governmental Funds
	<u> </u>
Fund Balance, June 30, 2020	\$69,747 (a)
Adjustments-Presentation Changes:	
GASB Statement No. 84	<u>99,385</u>
Restated Fund Balance, June 30, 2020	<u><u>\$169,132</u></u>

(a) Reflects two new major fund in 2021 (Title I and Debt Service).

The implementation of the GASB 84 pronouncement had the following effect on the net position as reported at June 30, 2020:

	Governmental Activities
	<u> </u>
Net Position, June 30, 2020	\$10,302,754
Adjustments-Presentation Changes:	
GASB Statement No. 84	<u>99,385</u>
Restated Net Position, June 30, 2020	<u><u>\$10,402,139</u></u>

Note 17 – 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 District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

Note 18 – Subsequent Events

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 and scholarship funding will be directly funded by the State of Ohio to the respective 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 respective school.

REQUIRED SUPPLEMENTARY INFORMATION

North College Hill City School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Eight Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.06525710%	\$4,316,242	\$2,287,443	188.69%	68.55%
2020	0.06526540%	3,904,943	2,240,770	174.27%	70.85%
2019	0.06335160%	3,628,263	2,043,800	177.53%	71.36%
2018	0.05827170%	3,481,605	1,950,114	178.53%	69.50%
2017	0.05772190%	4,224,710	1,676,057	252.06%	62.98%
2016	0.05923600%	3,380,064	2,138,323	158.07%	69.16%
2015	0.05971700%	3,022,243	1,752,785	172.43%	71.70%
2014	0.05971700%	3,552,242	1,690,013	210.19%	65.52%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

North College Hill City School District
 Required Supplementary Information
 Schedule of the District's Contributions for Net Pension Liability
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$299,944	(\$299,944)	\$0	\$2,142,457	14.00%
2020	320,242	(320,242)	0	2,287,443	14.00%
2019	302,504	(302,504)	0	2,240,770	13.50%
2018	275,913	(275,913)	0	2,043,800	13.50%
2017	273,016	(273,016)	0	1,950,114	14.00%
2016	234,648	(234,648)	0	1,676,057	14.00%
2015	281,832	(281,832)	0	2,138,323	13.18%
2014	242,936	(242,936)	0	1,752,785	13.86%
2013	286,656	(286,656)	0	1,690,013	13.84%
2012	282,192	(282,192)	0	1,626,900	13.45%

See accompanying notes to the required supplementary information.

North College Hill City School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Eight Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.07755527%	\$18,765,616	\$10,338,000	181.52%	75.48%
2020	0.06994340%	15,467,563	8,273,743	186.95%	77.40%
2019	0.06623788%	14,564,223	7,515,771	193.78%	77.30%
2018	0.06013791%	14,285,890	6,635,057	215.31%	75.30%
2017	0.05836498%	19,536,517	5,953,114	328.17%	66.80%
2016	0.05674298%	15,682,100	6,058,714	258.84%	72.10%
2015	0.06068466%	14,760,609	6,677,238	221.06%	74.70%
2014	0.06068466%	17,535,389	6,071,230	288.83%	69.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

North College Hill City School District
 Required Supplementary Information
 Schedule of the District's Contributions for Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$1,308,320	(\$1,308,320)	\$0	\$9,345,143	14.00%
2020	1,447,320	(1,447,320)	0	10,338,000	14.00%
2019	1,158,324	(1,158,324)	0	8,273,743	14.00%
2018	1,052,208	(1,052,208)	0	7,515,771	14.00%
2017	928,908	(928,908)	0	6,635,057	14.00%
2016	833,436	(833,436)	0	5,953,114	14.00%
2015	848,220	(848,220)	0	6,058,714	14.00%
2014	868,041	(868,041)	0	6,677,238	13.00%
2013	829,884	(829,884)	0	6,071,230	13.00%
2012	869,160	(869,160)	0	6,138,701	13.00%

See accompanying notes to the required supplementary information.

North College Hill City School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Five Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2021	0.06566160%	\$1,427,041	\$2,287,443	62.39%	18.17%
2020	0.06623870%	1,665,764	2,240,770	74.34%	15.57%
2019	0.06397100%	1,774,728	2,043,800	86.83%	13.57%
2018	0.05908380%	1,585,654	1,950,114	81.31%	12.46%
2017	0.05833892%	1,662,875	1,676,057	99.21%	11.49%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

North College Hill City School District
 Required Supplementary Information
 Schedule of the District's Contributions for Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Six Fiscal Years (1) (2)

Year	District's Contractually Required Contribution (2)	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$39,395	(\$39,395)	\$0	\$2,142,457	1.84%
2020	32,460	(32,460)	0	2,287,443	1.42%
2019	48,609	(48,609)	0	2,240,770	2.17%
2018	43,450	(43,450)	0	2,043,800	2.13%
2017	31,978	(31,978)	0	1,950,114	1.64%
2016	28,850	(28,850)	0	1,676,057	1.72%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes surcharge.

See accompanying notes to the required supplementary information.

North College Hill City School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Five Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB (Asset)/Liability	District's Proportionate Share of the Net OPEB (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability
2021	0.07755527%	(\$1,363,033)	\$10,338,000	(13.18%)	182.13%
2020	0.06994340%	(1,158,430)	8,273,743	(14.00%)	174.74%
2019	0.06623788%	(1,064,375)	7,515,771	(14.16%)	176.00%
2018	0.06013791%	2,346,359	6,635,057	35.36%	47.10%
2017	0.05836498%	3,121,374	5,953,114	52.43%	37.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

North College Hill City School District
 Required Supplementary Information
 Schedule of the District's Contributions for Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Six Fiscal Years (1)

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$0	\$0	\$0	\$9,345,143	0.00%
2020	0	0	0	10,338,000	0.00%
2019	0	0	0	8,273,743	0.00%
2018	0	0	0	7,515,771	0.00%
2017	0	0	0	6,635,057	0.00%
2016	0	0	0	5,953,114	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

North College Hill City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2021

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,543,736	\$3,543,736	\$3,810,876	\$267,140
Revenue in lieu of taxes	58	58	62	4
Tuition and Fees	363,001	363,001	390,365	27,364
Investment Earnings	74,150	74,150	79,740	5,590
Intergovernmental	12,900,516	12,900,516	13,873,006	972,490
Other Revenues	572,950	572,950	616,141	43,191
Total Revenues	17,454,411	17,454,411	18,770,190	1,315,779
Expenditures:				
Current:				
Instruction:				
Regular	9,445,927	9,825,563	9,717,163	108,400
Special	4,293,926	4,466,501	4,417,225	49,276
Other	9,060	9,424	9,320	104
Support Services:				
Pupil	1,306,303	1,358,804	1,343,813	14,991
Instructional Staff	460,977	479,504	474,214	5,290
General Administration	26,155	27,206	26,906	300
School Administration	1,488,654	1,548,484	1,531,400	17,084
Fiscal	460,294	478,793	473,511	5,282
Business	17,062	17,748	17,552	196
Operations and Maintenance	1,007,387	1,047,875	1,036,314	11,561
Pupil Transportation	447,107	465,077	459,946	5,131
Central	192,215	199,940	197,734	2,206
Operation of Non-Instructional Services	9	9	9	0
Extracurricular Activities	207,368	215,702	213,322	2,380
Total Expenditures	19,362,444	20,140,630	19,918,429	222,201
Excess of Revenues Over (Under) Expenditures	(1,908,033)	(2,686,219)	(1,148,239)	1,537,980
Other Financing Sources (Uses):				
Transfers (Out)	(17,741)	(18,454)	(18,250)	204
Total Other Financing Sources (Uses)	(17,741)	(18,454)	(18,250)	204
Net Change in Fund Balance	(1,925,774)	(2,704,673)	(1,166,489)	1,538,184
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	5,727,247	5,727,247	5,727,247	0
Fund Balance - End of Year	\$3,801,473	\$3,022,574	\$4,560,758	\$1,538,184

See accompanying notes to the required supplementary information.

North College Hill City School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2021

	Title I Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	1,800,101	1,900,000	1,655,660	(244,340)
Total Revenues	1,800,101	1,900,000	1,655,660	(244,340)
Expenditures:				
Current:				
Instruction:				
Regular	73,338	77,438	74,696	2,742
Special	758,263	800,646	772,300	28,346
Support Services:				
Pupil	160,903	169,897	163,882	6,015
Instructional Staff	435,733	460,088	443,799	16,289
School Administration	11,222	11,850	11,430	420
Operation of Non-Instructional Services	129,606	136,850	132,005	4,845
Total Expenditures	1,569,065	1,656,769	1,598,112	58,657
Net Change in Fund Balance	231,036	243,231	57,548	(185,683)
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	(230,804)	(230,804)	(230,804)	0
Fund Balance - End of Year	\$232	\$12,427	(\$173,256)	(\$185,683)

See accompanying notes to the required supplementary information.

North College Hill City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

Note 1 – Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2021.

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

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual 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. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

The following table summarizes the adjustments necessary to reconcile the GAAP basis to the budgetary basis for the general fund and major special revenue fund.

North College Hill City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

Net Change in Fund Balance

	<u>General</u>	<u>Title I</u>
GAAP Basis	\$270,995	(\$87,934)
Revenue Accruals	(1,108,909)	148,082
Expenditure Accruals	(153,631)	20,389
Encumbrances	(174,944)	(22,989)
Budget Basis	<u>(\$1,166,489)</u>	<u>\$57,548</u>

Note 2 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2020-2021: There were no changes in benefit terms from the amounts reported for this fiscal year.

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the change in the Consumer Price Index Index (CPI-W), with a cap of 2.5% and a floor of 0%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
- (8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial

North College Hill City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

determined contributions for these fiscal years.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2019-2021: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The long term expected rate of return was reduced from 7.75% to 7.45%,
- (2) The inflation assumption was lowered from 2.75% to 2.50%,
- (3) The payroll growth assumption was lowered to 3.00%,
- (4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
- (5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
- (6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

Note 3 - Net OPEB (Asset)/Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

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

Changes in Assumptions:

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

- (1) Discount Rate:

Prior Measurement Date	3.22%
Measurement Date	2.63%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.13%
Measurement Date	2.45%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.22%
Measurement Date	2.63%

North College Hill City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

2020: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (4) Discount Rate:
 - Prior Measurement Date 3.70%
 - Measurement Date 3.22%
- (5) Municipal Bond Index Rate:
 - Prior Measurement Date 3.62%
 - Measurement Date 3.13%
- (6) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 3.70%
 - Measurement Date 3.22%

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (7) Discount Rate:
 - Prior Measurement Date 3.63%
 - Measurement Date 3.70%
- (8) Municipal Bond Index Rate:
 - Prior Measurement Date 3.56%
 - Measurement Date 3.62%
- (9) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 3.63%
 - Measurement Date 3.70%

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

- (1) Discount Rate:
 - Fiscal Year 2018 3.63%
 - Fiscal Year 2017 2.98%
- (2) Municipal Bond Index Rate:
 - Fiscal Year 2018 3.56%
 - Fiscal Year 2017 2.92%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Fiscal Year 2018 3.63%
 - Fiscal Year 2017 2.98%

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,

North College Hill City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

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

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% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive \$29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to \$0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Changes in Assumptions:

2021: There were changes in assumptions during the measurement year, which decreased the total OPEB liability by approximately \$0.26 billion. The assumption changes included changes in healthcare costs and trends.

2020: There were changes in assumptions during the measurement year, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

North College Hill City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

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.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

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**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grant/ Pass Through Grantor Program Title	Pass Through Entity Number	Assistance Listing Number	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through Ohio Department of Education:			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
Summer Food Service Program for Children	3GE0	10.559	\$79,101
Cash Assistance:			
National School Lunch Program	3L60	10.555	633
Summer Food Service Program for Children	3GE0	10.559	424,904
COVID-19 Summer Food Service Program for Children	3GE0	10.559	176,342
Total Summer Food Service Program for Children			<u>601,246</u>
Total Child Nutrition Cluster			<u>680,980</u>
Total U.S. Department of Agriculture			<u>680,980</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through Ohio Department of Education:			
Special Education Cluster:			
Special Education-Grants to States	3M20	84.027	487,353
Total Special Education Cluster			<u>487,353</u>
Title I Grants to Local Educational Agencies	3M00	84.010	1,575,119
Supporting Effective Instruction State Grants	3Y60	84.367	118,788
Student Support and Academic Enrichment Program	3H10	84.424	167,953
COVID-19 Education Stabilization Fund	3HS0	84.425D	693,871
Total U.S. Department of Education			<u>3,043,084</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed Through Ohio Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction-Safe Routes to Schools	PID 113752	20.205	7,917
Total Highway Planning and Construction Cluster			<u>7,917</u>
Total U.S. Department of Transportation			<u>7,917</u>
<u>U.S. DEPARTMENT OF THE TREASURY</u>			
Passed Through Ohio Department of Education:			
COVID-19 Coronavirus Relief Fund	5CV1	21.019	141,905
Passed Through Hamilton County, Ohio:			
COVID-19 Coronavirus Relief Fund	CRF	21.019	60,000
Total Coronavirus Relief Fund			<u>201,905</u>
Total U.S. Department of the Treasury			<u>201,905</u>
Total Expenditures of Federal Awards			<u>\$3,933,886</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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 North College Hill City School District (the District) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
North College Hill City School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North College Hill City School District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
December 8, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Board of Education
North College Hill City School District

Report on Compliance for Each Major Federal Program

We have audited the North College Hill City School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
December 8, 2021

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant Deficiency(s) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant Deficiency(s) identified? None reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

Elementary and Secondary School Emergency Relief Fund 84.425D
Title I Grants to Local Educational Agencies 84.010

Dollar threshold used to distinguish between Type A and Type B Programs \$750,000

Auditee qualified as low-risk auditee? Yes

Section II – Findings Related to the Financial Statements Required to be reported in Accordance with GAGAS

None

Section III – Federal Award Findings and Questioned Costs

None

**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021**

Summary of Prior Audit Findings and Questioned Costs:

None

OHIO AUDITOR OF STATE KEITH FABER



**NORTH COLLEGE HILL CITY SCHOOL DISTRICT
HAMILTON 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 1/11/2022

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

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