



OHIO AUDITOR OF STATE  
**KEITH FABER**





**SOUTH POINT LOCAL SCHOOL DISTRICT  
LAWRENCE COUNTY  
JUNE 30, 2021**

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**SOUTH POINT LOCAL SCHOOL DISTRICT  
LAWRENCE COUNTY  
JUNE 30, 2021**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

South Point Local School District  
Lawrence County  
302 High Street  
South Point, Ohio 45680

To the Board of Education:

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

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

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

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

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

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

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

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

**Opinion**

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

**Emphasis of Matter**

As discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding these matters.

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2022, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio  
June 6, 2022

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# South Point Local School District, Ohio

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2021*

*Unaudited*

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

## FINANCIAL HIGHLIGHTS

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

- Net Position of governmental activities decreased \$201,431.
- General revenues accounted for \$18,084,233 in revenue or 75.3 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,940,318 or 24.7 percent of total revenues of \$24,024,551.
- The School District had \$24,225,982 in expenses related to governmental activities; only \$5,940,318 of these expenses were offset by program specific charges for services and sales, grants and contributions. General revenues (primarily taxes and intergovernmental) of \$18,084,233 were not adequate to cover the remaining expenses.
- Total governmental funds had \$23,273,214 in revenues and \$22,379,226 in expenditures. The total governmental fund balance increased \$893,988.

## USING THE BASIC FINANCIAL STATEMENTS

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

The Statement of Net Position and the Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

### *Reporting the School District as a Whole*

#### *Statement of Net Position and Statement of Activities*

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, liabilities, and deferred inflows and outflows of resources 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.

## South Point Local School District, Ohio

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2021*

*Unaudited*

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

In the Statement of Net Position and the Statement of Activities, all of the School District's activities are reported as governmental including instruction, support services, operation of non-instructional services, debt service, and extracurricular activities.

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

#### *Fund Financial Statements*

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, the Elementary Secondary School Emergency Relief Special Revenue Fund, and the Bond Retirement Fund.

***Governmental Funds*** All of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal 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 be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental 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.

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

## South Point Local School District, Ohio

### *Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2021*

*Unaudited*

Table 1  
Net Position

	2021	2020	Change
<b>Assets</b>			
Current and Other Assets	\$15,192,964	\$13,487,371	\$1,705,593
Net OPEB Asset	1,219,084	1,122,901	96,183
Capital Assets	41,104,540	42,507,183	(1,402,643)
Total Assets	<u>57,516,588</u>	<u>57,117,455</u>	<u>399,133</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	516,698	568,367	(51,669)
Pension	4,161,532	4,016,117	145,415
OPEB	554,713	404,978	149,735
Total Deferred Outflows	<u>5,232,943</u>	<u>4,989,462</u>	<u>243,481</u>
<b>Liabilities</b>			
Other Liabilities	2,738,628	2,523,167	215,461
Long-Term Liabilities:			
Due Within One Year	521,201	710,072	(188,871)
Due In More Than One Year:			
Net Pension Liability	21,418,977	19,255,817	2,163,160
Net OPEB Liability	1,528,705	1,791,652	(262,947)
Other Amounts	8,444,637	8,857,103	(412,466)
Total Liabilities	<u>34,652,148</u>	<u>33,137,811</u>	<u>1,514,337</u>
<b>Deferred Inflow of Resources</b>			
Property Taxes	3,676,985	3,833,028	(156,043)
Pension	245,951	1,135,030	(889,079)
OPEB	2,312,144	1,937,314	374,830
Total Deferred Inflow of Resources	<u>6,235,080</u>	<u>6,905,372</u>	<u>(670,292)</u>
<b>Net Position</b>			
Net Investment in Capital Assets	34,552,640	35,393,198	(840,558)
Restricted	2,861,043	2,284,125	576,918
Unrestricted (Deficits)	<u>(15,551,380)</u>	<u>(15,613,589)</u>	<u>62,209</u>
Total Net Position	<u>\$21,862,303</u>	<u>\$22,063,734</u>	<u>(\$201,431)</u>

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

## **South Point Local School District, Ohio**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2021*

*Unaudited*

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

Total assets of governmental activities increased \$399,133, which was primarily due to an increase in intergovernmental receivable of \$764,376, resulting largely from additional grant funding from COVID-19 related sources, as well as an increase in cash and cash equivalents in the amount of \$770,390. These increases were partially offset by a decrease in capital assets of \$1,402,643, due to depreciation.

In total, liabilities increased by \$1,514,337, primarily due to an increase in the net pension liability. This increase was partially offset by a decrease in the net OPEB liability as well as a decrease in other amounts due in more than one year due to the repayment of debt.

Table 2 shows the changes in Net Position for the fiscal year ended June 30, 2021, and comparisons to fiscal year 2020.

## South Point Local School District, Ohio

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2021*

*Unaudited*

Table 2  
Changes in Net Position

<b>Revenues</b>	2021	2020	Change
<b>Program Revenues:</b>			
Charges for Services and Sales	\$475,908	\$405,103	\$70,805
Operating Grants and Contributions	5,464,410	3,464,040	2,000,370
<b>Total Program Revenues</b>	<b>5,940,318</b>	<b>3,869,143</b>	<b>2,071,175</b>
<b>General Revenues:</b>			
Property Taxes	5,397,849	5,058,209	339,640
Grants and Entitlements	12,455,387	12,308,342	147,045
Investment Earnings	19,652	26,880	(7,228)
Miscellaneous	211,345	75,183	136,162
<b>Total General Revenues</b>	<b>18,084,233</b>	<b>17,468,614</b>	<b>615,619</b>
<b>Total Revenues</b>	<b>24,024,551</b>	<b>21,337,757</b>	<b>2,686,794</b>
<b>Program Expenses</b>			
<b>Instruction:</b>			
Regular	11,022,879	11,490,468	(467,589)
Special	3,645,441	3,482,791	162,650
Vocational	304,466	317,275	(12,809)
Student Intervention Services	104,502	121,680	(17,178)
<b>Support Services:</b>			
Pupils	1,287,980	966,584	321,396
Instructional Staff	639,341	517,541	121,800
Board of Education	166,964	138,683	28,281
Administration	1,706,448	1,740,568	(34,120)
Fiscal	508,576	556,167	(47,591)
Operation and Maintenance of Plant	1,851,974	1,989,243	(137,269)
Pupil Transportation	1,271,377	1,216,568	54,809
Central	43,116	17,074	26,042
<b>Operation of Non-Instructional Services:</b>			
Food Service Operations	719,379	800,417	(81,038)
Extracurricular Activities	759,330	414,408	344,922
Interest and Fiscal Charges	194,209	275,364	(81,155)
<b>Total Expenses</b>	<b>24,225,982</b>	<b>24,044,831</b>	<b>181,151</b>
<b>Change in Net Position</b>	<b>(201,431)</b>	<b>(2,707,074)</b>	<b>2,505,643</b>
<b>Net Position at Beginning of Year</b>	<b>22,063,734</b>	<b>24,770,808</b>	<b>(2,707,074)</b>
<b>Net Position at End of Year</b>	<b>\$21,862,303</b>	<b>\$22,063,734</b>	<b>(\$201,431)</b>

Property taxes made up approximately 22.5 percent of revenues for governmental activities for the South Point Local School District. Of the remaining revenues, the School District receives 74.6 percent from state foundation, federal, and state grants; 2.0 percent from charges for services and sales; and 0.9 percent from investment earnings and miscellaneous revenues.

Approximately 62.2 percent of the School District's budget for expenses is used to fund instructional expenses. Support services make up 30.9 percent of expenses and 6.9 percent is used for interest and fiscal charges, extracurricular activities, and food service operations.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and

## South Point Local School District, Ohio

### Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

Unaudited

the net cost of services. In other words, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

Table 3  
Cost of Services

	2021 Total Cost of Services	2021 Net Cost of Services	2020 Total Cost of Services	2020 Net Cost of Services
<b>Program Expenses</b>				
Instruction:				
Regular	\$11,022,879	\$9,511,158	\$11,490,468	\$11,076,095
Special	3,645,441	1,438,332	3,482,791	1,362,536
Vocational	304,466	245,646	317,275	273,300
Student Intervention Services	104,502	104,502	121,680	121,680
Support Services:				
Pupils	1,287,980	308,604	966,584	546,571
Instructional Staff	639,341	402,593	517,541	491,928
Board of Education	166,964	166,964	138,683	138,683
Administration	1,706,448	1,634,094	1,740,568	1,736,971
Fiscal	508,576	499,203	556,167	555,093
Operation and Maintenance of Plant	1,851,974	1,755,775	1,989,243	1,909,839
Pupil Transportation	1,271,377	1,190,579	1,216,568	1,178,960
Central	43,116	10,384	17,074	17,074
Operation of Non-Instructional Services:				
Food Service Operations	719,379	157,713	800,417	206,827
Extracurricular Activities	759,330	665,908	414,408	284,767
Interest and Fiscal Charges	194,209	194,209	275,364	275,364
Totals	<u>\$24,225,982</u>	<u>\$18,285,664</u>	<u>\$24,044,831</u>	<u>\$20,175,688</u>

The dependence upon tax revenues and state subsidies for governmental activities is apparent. 75.5 percent of total expenses are supported through taxes and other general revenues.

### THE SCHOOL DISTRICT FUNDS

The School District has three major funds: the General Fund, the Elementary Secondary School Emergency Relief Special Revenue Fund, and the Bond Retirement Fund. All governmental funds had total revenues of \$23,273,214 and expenditures of \$22,379,226.

The fund balance of the General Fund increased \$1,224,660 due to decreases in overall expenses and increases in overall revenues. The General Fund's unassigned fund balance of \$4,224,704 represented 18.9 percent of current year expenditures. The fund balance of the Elementary Secondary School Emergency Relief Fund decreased \$443,903. The fund was created in 2021 and accounted for grant monies received regarding the COVID-19 pandemic. The Bond Retirement Fund's balance increased \$17,767 due to revenues from property taxes and homestead and rollback exceeding expenses relating to long-term liabilities.

# South Point Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

Unaudited

## General Fund Budgeting Highlights

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

During the course of fiscal 2021, the School District amended both estimated revenues and appropriations for the General Fund. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the final estimated revenues were \$18,329,848, which represented a 3.7 percent increase from original estimates of \$17,672,657. The final estimated expenditures of \$17,693,695 represented a 5.5 percent decrease from the original estimates of \$18,731,683.

The School District's ending unobligated General Fund balance was \$4,718,310.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal year 2021, the School District had \$41,104,540 invested in capital assets. Table 4 shows fiscal year 2021 balances compared to 2020.

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

	2021	2020
Land	\$1,978,553	\$1,978,553
Land Improvements	2,173,352	2,432,147
Buildings and Improvements	36,165,100	37,253,103
Furniture, Fixtures, and Equipment	552,906	544,900
Vehicles	234,629	298,480
Totals	<u>\$41,104,540</u>	<u>\$42,507,183</u>

For additional information on capital assets, see Note 10 to the basic financial statements.

### Debt

The School District has two bonds outstanding. Table 5 shows fiscal year 2021 balances compared to 2020.

## South Point Local School District, Ohio

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2021*

*Unaudited*

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	2021	2020
2013 Refunding Bonds:		
Serial 1.75% - 2.625%	\$2,060,000	\$2,540,000
Term 3.00% - 3.25%	4,485,000	4,485,000
Bond Premium	523,598	575,958
Capital Leases	0	81,394
Totals	<u>\$7,068,598</u>	<u>\$7,682,352</u>

For additional information on debt, see Notes 15 and 21 to the basic financial statements.

### **CURRENT ISSUES**

The financial future of the School District is not without its challenges. These challenges are external and internal in nature. The internal challenges will continue to exist, as the School District must rely heavily on local property taxes.

Externally, the School District is largely dependent on State funding sources (approximately 54.4 percent of the School District's operating funds come from State foundation payments and other entitlements). State foundation revenue is fundamentally a function of student enrollment and a district's property tax wealth.

The COVID-19 pandemic affected operations, revenues, and expenditures. Federal funds supplemented District revenue to offset expenses associated with necessary changes in operations to maintain the health and safety of students and staff.

As the preceding information shows, the School District continues to depend upon its taxpayers. Although South Point Local School District has attempted to keep spending in line with revenues, and carefully watched financial planning, it must improve its revenue to expense ratios if the School District hopes to remain on firm financial footing.

On March 14, 2022 the Board of Education approved a resolution authorizing the issuance of not to exceed \$5,545,000 General Obligation Unlimited Tax Refunding Bonds, Series 2022 to current refund the 2012 General Obligation Unlimited Tax Refunding Bonds, Series 2012 maturing in 2023 through 2031 in the aggregate outstanding principal amount of \$5,545,000. The Bonds will be dated September 6, 2022 and will mature on December 1, 2031 and be subject to annual principal installment payments with an interest rate of 2.12%.

### **CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions or need additional information, contact Julia Slone, Treasurer at South Point Local School District, 302 High Street, South Point, Ohio 45680.



**South Point Local School District, Ohio**  
*Statement of Net Position*  
*June 30, 2021*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$8,737,183
Cash and Cash Equivalents in Segregated Accounts	1,867
Accounts Receivable	50,442
Intergovernmental Receivable	1,100,385
Inventory Held for Resale	16,806
Materials and Supplies Inventory	22,379
Prepaid Items	110,445
Property Taxes Receivable	5,153,457
Net OPEB Asset	1,219,084
Nondepreciable Capital Assets	1,978,553
Depreciable Capital Assets, Net	39,125,987
<i>Total Assets</i>	57,516,588
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding	516,698
Pension	4,161,532
OPEB	554,713
<i>Total Deferred Outflows of Resources</i>	5,232,943
<b>Liabilities</b>	
Accounts Payable	180,718
Accrued Wages and Benefits Payable	2,029,003
Accrued Interest Payable	15,786
Matured Compensated Absences Payable	173,068
Intergovernmental Payable	340,053
Long-Term Liabilities:	
Due within One Year	521,201
Due in More than One Year:	
Net Pension Liability	21,418,977
Net OPEB Liability	1,528,705
Other Amounts Due in More Than One Year	8,444,637
<i>Total Liabilities</i>	34,652,148
<b>Deferred Inflows of Resources</b>	
Property Taxes	3,676,985
Pension	245,951
OPEB	2,312,144
<i>Total Deferred Inflows of Resources</i>	6,235,080
<b>Net Position</b>	
Net Investment in Capital Assets	34,552,640
Restricted for:	
Debt Service	1,542,943
Capital Improvements	3,724
Classroom Facilities Maintenance	533,308
Athletics	31,665
Student Activities	37,343
State Grant Expenditures	346,091
Federal Grant Expenditures	128,226
Set-Asides	231,809
School Bus Purchases	2,878
Unclaimed Monies	3,056
Unrestricted (Deficit)	(15,551,380)
<i>Total Net Position</i>	\$21,862,303

See accompanying notes to the basic financial statements

**South Point Local School District, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June, 30, 2021

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$11,022,879	\$338,504	\$1,173,217	(\$9,511,158)
Special	3,645,441	40,570	2,166,539	(1,438,332)
Vocational	304,466	0	58,820	(245,646)
Student Intervention Services	104,502	0	0	(104,502)
Support Services:				
Pupils	1,287,980	0	979,376	(308,604)
Instructional Staff	639,341	0	236,748	(402,593)
Board of Education	166,964	0	0	(166,964)
Administration	1,706,448	616	71,738	(1,634,094)
Fiscal	508,576	0	9,373	(499,203)
Operation and Maintenance of Plant	1,851,974	2,290	93,909	(1,755,775)
Pupil Transportation	1,271,377	0	80,798	(1,190,579)
Central	43,116	0	32,732	(10,384)
Operation of Non-Instructional Services:				
Food Service Operations	719,379	2,336	559,330	(157,713)
Extracurricular Activities	759,330	91,592	1,830	(665,908)
Interest and Fiscal Charges	194,209	0	0	(194,209)
<b>Totals</b>	<b>\$24,225,982</b>	<b>\$475,908</b>	<b>\$5,464,410</b>	<b>(18,285,664)</b>
<b>General Revenues</b>				
Property Taxes Levied for:				
				4,679,275
General Purposes				638,324
Debt Service				80,250
Classroom Facilities Maintenance				12,455,387
Grants and Entitlements not Restricted to Specific Programs				19,652
Investment Earnings				211,345
Miscellaneous				
<b>Total General Revenues</b>				<b>18,084,233</b>
<b>Change in Net Position</b>				<b>(201,431)</b>
<b>Net Position at Beginning of Year</b>				<b>22,063,734</b>
<b>Net Position at End of Year</b>				<b>\$21,862,303</b>

See accompanying notes to the basic financial statements

**South Point Local School District, Ohio**

*Balance Sheet*

*Governmental Funds*

*June 30, 2021*

	General	Elementary Secondary School Emergency Relief	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$5,947,028	\$300,151	\$1,384,012	\$868,249	\$8,499,440
Cash and Cash Equivalents in Segregated Accounts	0	0	0	1,867	1,867
Receivables:					
Property Taxes	4,467,623	0	608,654	77,180	5,153,457
Accounts	50,442	0	0	0	50,442
Intergovernmental	108,507	443,903	0	547,975	1,100,385
Interfund	702,166	0	0	0	702,166
Prepaid Items	109,625	0	0	820	110,445
Inventory Held for Resale	0	0	0	16,806	16,806
Materials and Supplies Inventory	20,547	0	0	1,832	22,379
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	237,743	0	0	0	237,743
<i>Total Assets</i>	<u>\$11,643,681</u>	<u>\$744,054</u>	<u>\$1,992,666</u>	<u>\$1,514,729</u>	<u>\$15,895,130</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$88,430	\$89,146	\$0	\$3,142	\$180,718
Accrued Wages and Benefits Payable	1,677,171	47,191	0	304,641	2,029,003
Interfund Payable	0	596,200	0	105,966	702,166
Matured Compensated Absences Payable	173,068	0	0	0	173,068
Intergovernmental Payable	273,743	11,517	0	54,793	340,053
<i>Total Liabilities</i>	<u>2,212,412</u>	<u>744,054</u>	<u>0</u>	<u>468,542</u>	<u>3,425,008</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes	3,186,959	0	433,937	56,089	3,676,985
Unavailable Revenue	487,942	443,903	61,614	351,151	1,344,610
<i>Total Deferred Inflows of Resources</i>	<u>3,674,901</u>	<u>443,903</u>	<u>495,551</u>	<u>407,240</u>	<u>5,021,595</u>
<b>Fund Balances</b>					
Nonspendable:					
Inventories	20,547	0	0	1,832	22,379
Prepaid Items	109,625	0	0	820	110,445
Unclaimed Monies	3,056	0	0	0	3,056
Restricted for:					
Athletics	0	0	0	31,665	31,665
Classroom Facilities Maintenance	0	0	0	525,890	525,890
Capital Improvements	231,809	0	0	3,724	235,533
Debt Service	0	0	1,497,115	0	1,497,115
State Grant Expenditures	0	0	0	290,032	290,032
Student Activities	0	0	0	37,343	37,343
School Bus Purchase	2,878	0	0	0	2,878
Committed to:					
Health Insurance Contingency	105,289	0	0	0	105,289
Severance Benefits	571,470	0	0	0	571,470
Assigned to:					
Purchases on Order	431,570	0	0	0	431,570
School Support Services	55,420	0	0	0	55,420
Unassigned (Deficits)	4,224,704	(443,903)	0	(252,359)	3,528,442
<i>Total Fund Balances (Deficit)</i>	<u>5,756,368</u>	<u>(443,903)</u>	<u>1,497,115</u>	<u>638,947</u>	<u>7,448,527</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$11,643,681</u>	<u>\$744,054</u>	<u>\$1,992,666</u>	<u>\$1,514,729</u>	<u>\$15,895,130</u>

See accompanying notes to the basic financial statements

**South Point Local School District, Ohio**  
*Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
June 30, 2021*

<b>Total Governmental Fund Balances</b>		<b>\$7,448,527</b>
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.		41,104,540
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:		
Delinquent Property Taxes	520,459	
Intergovernmental Revenues	801,440	
Tuition and Fees	22,711	1,344,610
Deferred Outflows of Resources represent deferred charges on refunding which do not provide current financial resources and therefore are not reported in the funds.		516,698
The net pension liability and net opeb liability/asset are not due and payable in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred Outflows - Pension	4,161,532	
Deferred Inflows - Pension	(245,951)	
Net Pension Liability	(21,418,977)	
Deferred Outflows - OPEB	554,713	
Deferred Inflows - OPEB	(2,312,144)	
Net OPEB Asset	1,219,084	
Net OPEB Liability	(1,528,705)	(19,570,448)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Refunding Bonds Payable	(7,068,598)	
Accrued Interest Payable	(15,786)	
Compensated Absences Payable	(1,897,240)	(8,981,624)
 <i>Net Position of Governmental Activities</i>		 <b><u><u>\$21,862,303</u></u></b>

See accompanying notes to the basic financial statements

**South Point Local School District, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2021*

	General	Elementary Secondary School Emergency Relief	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$4,639,321	\$0	\$633,253	\$79,681	\$5,352,255
Intergovernmental	13,463,698	612,972	78,292	3,052,364	17,207,326
Investment Earnings	19,652	0	0	0	19,652
Tuition and Fees	360,846	0	0	0	360,846
Charges for Services	0	0	0	2,336	2,336
Extracurricular Activities	3,547	0	0	96,730	100,277
Rent	2,290	0	0	0	2,290
Gifts and Donations	8,391	0	0	1,830	10,221
Miscellaneous	216,020	0	0	1,991	218,011
<i>Total Revenues</i>	<u>18,713,765</u>	<u>612,972</u>	<u>711,545</u>	<u>3,234,932</u>	<u>23,273,214</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	8,965,461	798,870	0	304,812	10,069,143
Special	1,880,986	20,895	0	1,298,961	3,200,842
Vocational	273,342	0	0	0	273,342
Student Intervention Services	93,460	0	0	0	93,460
Support Services:					
Pupils	501,902	179,987	0	447,184	1,129,073
Instructional Staff	432,302	0	0	214,921	647,223
Board of Education	166,964	0	0	0	166,964
Administration	1,516,750	0	0	60,676	1,577,426
Fiscal	526,828	0	19,247	9,403	555,478
Operation and Maintenance of Plant	1,589,611	31,888	0	118,195	1,739,694
Pupil Transportation	983,539	13,038	0	34,463	1,031,040
Central	10,302	0	0	28,259	38,561
Operation of Non-Instructional Services:					
Food Service Operations	5,603	12,197	0	589,758	607,558
Extracurricular Activities	342,875	0	0	129,798	472,673
Capital Outlay	19,605	0	0	0	19,605
Debt Service:					
Principal Retirement	81,394	0	480,000	0	561,394
Interest and Fiscal Charges	1,219	0	194,531	0	195,750
<i>Total Expenditures</i>	<u>17,392,143</u>	<u>1,056,875</u>	<u>693,778</u>	<u>3,236,430</u>	<u>22,379,226</u>
<i>Excess of Revenues Over (Under)</i> <i>Expenditures</i>	<u>1,321,622</u>	<u>(443,903)</u>	<u>17,767</u>	<u>(1,498)</u>	<u>893,988</u>
<b>Other Financing Source (Use)</b>					
Transfers In	0	0	0	96,962	96,962
Transfers Out	(96,962)	0	0	0	(96,962)
<i>Total Other Financing Source (Use)</i>	<u>(96,962)</u>	<u>0</u>	<u>0</u>	<u>96,962</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	1,224,660	(443,903)	17,767	95,464	893,988
<i>Fund Balances at Beginning of Year</i>	<u>4,531,708</u>	<u>0</u>	<u>1,479,348</u>	<u>543,483</u>	<u>6,554,539</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$5,756,368</u>	<u>(\$443,903)</u>	<u>\$1,497,115</u>	<u>\$638,947</u>	<u>\$7,448,527</u>

See accompanying notes to the basic financial statements

**South Point Local School District, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2021*

**Net Change in Fund Balances - Total Governmental Funds** \$893,988

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

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

Capital Asset Additions	97,153	
Depreciation Expense	<u>(1,499,796)</u>	(1,402,643)

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

Delinquent Property Taxes	45,594	
Intergovernmental Revenues	702,250	
Tuition and Fees	10,159	
Miscellaneous	<u>(6,666)</u>	751,337

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

General Obligation Bonds	480,000	
Capital Leases	<u>81,394</u>	561,394

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of net position. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities:

Capital Appreciation Bond Premium	52,360	
Accrued Interest Payable	850	
Amortization of Deferred Amount on Refunding	<u>(51,669)</u>	1,541

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

Pension	1,533,210	
OPEB	<u>46,600</u>	1,579,810

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

Pension	(2,661,876)	
OPEB	<u>87,435</u>	(2,574,441)

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 Payable		<u>(12,417)</u>
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*Change in Net Position of Governmental Activities* (\$201,431)

See accompanying notes to the basic financial statements

**South Point Local School District, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget and Actual (Budget Basis)*  
**General Fund**  
*For the Fiscal Year Ended June 30, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$4,084,382	\$4,429,441	\$4,429,441	\$0
Intergovernmental	13,232,865	13,339,488	13,339,488	0
Investment Earnings	18,443	28,053	28,053	0
Tuition and Fees	243,737	360,846	360,846	0
Rent	1,600	2,090	2,090	0
Miscellaneous	91,630	169,930	169,930	0
<i>Total Revenues</i>	17,672,657	18,329,848	18,329,848	0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	10,192,792	9,083,187	9,083,187	0
Special	2,033,171	1,852,987	1,852,987	0
Vocational	270,167	273,722	273,722	0
Student Intervention Services	112,099	101,126	101,126	0
Support Services:				
Pupils	559,797	501,325	501,325	0
Instructional Staff	440,795	432,693	432,693	0
Board of Education	145,009	202,173	202,173	0
Administration	1,493,864	1,477,639	1,477,639	0
Fiscal	490,917	481,240	481,240	0
Operation and Maintenance of Plant	1,720,420	1,780,778	1,780,778	0
Pupil Transportation	992,582	1,034,529	1,034,529	0
Central	9,140	12,156	12,156	0
Operation of Non-Instructional Services	5,914	6,100	6,100	0
Extracurricular Activities	265,016	351,822	351,822	0
Capital Outlay	0	19,605	19,605	0
Debt Service:				
Principal Retirement	0	81,394	81,394	0
Interest and Fiscal Charges	0	1,219	1,219	0
<i>Total Expenditures</i>	18,731,683	17,693,695	17,693,695	0
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,059,026)	636,153	636,153	0
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(163,884)	(221,962)	(221,962)	0
Advances In	69,048	69,048	69,048	0
Advances Out	0	(702,166)	(702,166)	0
<i>Total Other Financing Sources (Uses)</i>	(94,836)	(855,080)	(855,080)	0
<i>Net Change in Fund Balance</i>	(1,153,862)	(218,927)	(218,927)	0
<i>Fund Balance at Beginning of Year</i>	4,605,260	4,605,260	4,605,260	0
Prior Year Encumbrances Appropriated	331,977	331,977	331,977	0
<i>Fund Balance at End of Year</i>	\$3,783,375	\$4,718,310	\$4,718,310	\$0

See accompanying notes to the basic financial statements

**South Point Local School District, Ohio**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Elementary and Secondary School Emergency Relief Fund  
For the Fiscal Year Ended June 30, 2021*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$649,081	\$612,972	\$612,972	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	572,940	901,883	901,883	0
Special	0	20,895	20,895	0
Support Services:				
Pupils	72,800	200,218	200,218	0
Operation and Maintenance of Plant	0	71,613	71,613	0
Pupil Transportation	0	5,909	5,909	0
Operation of Non-Instructional Services	0	8,654	8,654	0
<i>Total Expenditures</i>	<u>645,740</u>	<u>1,209,172</u>	<u>1,209,172</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	3,341	(596,200)	(596,200)	0
<b>Other Financing Source</b>				
Advances In	<u>0</u>	<u>596,200</u>	<u>596,200</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	3,341	0	0	0
<i>Fund Balance at Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$3,341</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements



## **South Point Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

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### **Note 1 - Description of the School District and Reporting Entity**

South Point Local School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by State statute and federal guidelines. This Board of Education controls the School District's four instructional/support facilities staffed by 75 classified employees and 123 certified teaching and administrative personnel who provide services to 1,701 students and other community members.

#### ***Reporting Entity***

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

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

The School District participates in the Metropolitan Educational Technology Association, the Collins Career Center, and the Educational Regional Service System Region 15, which are defined as jointly governed organizations, and the Ohio School Plan, the Lawrence County Schools Council of Governments Health Benefits Program, and the Ohio School Boards Association Workers' Compensation Group Rating Program, which are defined as insurance purchasing pools. These organizations are presented in Notes 17 and 18.

### **Note 2 - Summary of Significant Accounting Policies**

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

# South Point Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

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## ***Basis of Presentation***

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

***Government-wide Financial Statements*** The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for the fiduciary funds. The School District has no fiduciary funds. The statements usually distinguish between those activities that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however, has no business-type activities or fiduciary funds.

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

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

## ***Fund Accounting***

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The School District utilizes governmental funds.

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

## South Point Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

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

**Elementary Secondary School Emergency Relief Fund** The Elementary Secondary School Emergency Relief Fund is used to account for assistance used to mitigate the impact of COVID-19 on the students and the School District.

**Bond Retirement Fund** The Bond Retirement Fund accounts for tax revenues collected to repay outstanding general obligation bonds.

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

### **Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets, liabilities, and deferred inflows and outflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities accounts for increases (revenues) and decreases (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, current liabilities, and certain deferred inflows and outflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (revenues and other financing sources) and uses (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 fund financial statements for governmental funds.

### **Basis of Accounting**

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

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

## South Point Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

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Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, investment earnings, tuition, grants, fees, and rentals.

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding and for pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, tuition and fees, and intergovernmental revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 16. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13)

***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.

## **South Point Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

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### ***Cash and Cash Equivalents***

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

During fiscal year 2021, investments included non-negotiable certificates of deposit, which are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2021 amounted to \$19,652, which includes \$5,470 assigned from other School District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

### ***Prepaid Items***

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

### ***Inventory***

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

### ***Capital Assets***

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital 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 fiscal year. The School District was able to estimate the historical cost for the initial reporting of certain assets by back trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, 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:

## South Point Local School District, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	20-50 years
Furniture, Fixtures, and Equipment	5-20 years
Vehicles	8 years

### ***Internal Activity***

Transfers within governmental activities are eliminated on the government-wide statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used aren't eliminated.

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

### ***Restricted Assets***

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets include unexpended revenues restricted for capital improvements, school bus purchases, and for unclaimed monies. Unclaimed monies that are required to be held for five years before they may be utilized by the School District are reported as restricted.

### ***Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. A liability is recorded for vacation eligible employees after one year of service with the School District. Employees may carry over unused vacation balances based on years of service with the School District.

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

The entire compensated absences liability is reported on the government-wide financial statements. On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each person upon the occurrence of employee resignations and retirements. These amounts are recorded in the accounts "matured compensated absences payable" in the funds from which these payments will be made.

## South Point Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

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### ***Accrued Liabilities and Long-term Obligations***

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

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

### ***Bond Premiums***

On government-wide financial statement, bond premiums are deferred and amortized over the term of the bonds using the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On the governmental fund statements, bond premiums are recorded in the year the bonds are issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

### ***Deferred Charge on Refunding***

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

### ***Fund Balance***

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

**Nonspendable** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes prepaids for all governmental types.

**Restricted** The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by State constitution or external resource providers. 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 it is imposed by law through constitutional provisions.

## South Point Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

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**Committed** The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for the 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 School District Board of Education or a School District official delegated that authority by resolution or by State Statute. State statute authorizes the School District's Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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

### ***Pensions/Other Postemployment Benefits (OPEB)***

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

### ***Estimates***

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

### ***Net Position***

Net Position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.



## South Point Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

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

### ***Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The School District did not recognize any extraordinary or special items during the fiscal year.

### ***Budgetary Process***

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

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the 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 in the amended certificate in effect when final appropriations for the fiscal year were passed.

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

### **Note 3 - Changes in Accounting Principles**

For fiscal year 2021, the School District is implementing *Implementation Guide No. 2019-1*. This change was incorporated in the School District's 2021 financial statements; however, there was no effect on beginning net position/fund balance.

### **Note 4 - Fund Deficits**

The following funds had deficit fund balances as of June 30, 2021:

## South Point Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

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	<u>Deficit</u>
<b>Special Revenue Funds:</b>	
Food Service	\$15,271
Elementary Secondary School Emergency Relief	443,903
Title I	161,812
Miscellaneous Federal Grants	73,444

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

### **Note 5 - Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) for the General Fund and the Elementary Secondary School Emergency Relief Special Revenue Fund are 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 (modified accrual) 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 (budget basis) rather than committed or assigned fund balance (GAAP basis).
4. Prepaid items and unreported cash are reported on the balance sheet (GAAP basis), but not on the cash basis.
5. Advances are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
6. Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

## South Point Local School District, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and Elementary Secondary School Emergency Relief Special Revenue Fund.

	General	Elementary Secondary School Emergency Relief
GAAP Basis	\$1,224,660	(\$443,903)
Revenue Accruals	(308,825)	0
Expenditure Accruals	(24,854)	147,854
Prepaid Items:		
Beginning of Year	106,997	0
End of Year	(109,625)	0
Unreported Cash:		
Beginning of Year	(8,437)	0
End of Year	(52,254)	0
Advances In	69,048	596,200
Advances Out	(702,166)	0
To reclassify excess of revenues and other sources of financial resources over expenditures and other uses of financial resources into financial statement fund types	95,489	0
Encumbrances	(508,960)	(300,151)
Budget Basis	<u>(\$218,927)</u>	<u>\$0</u>

### Note 6 - Deposits and Investments

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

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

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

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

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

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

## South Point Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

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1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed 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); and
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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

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

### **Note 7 - Property Taxes**

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

## South Point Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

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

Public utility property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Public utility real 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.

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

Accrued property taxes receivable includes real property and public utility property taxes which were 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 reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources - property taxes.

The amount available as an advance for June 30, 2021, was \$829,237 in the General Fund, \$113,103 in the Bond Retirement Debt Service Fund, and \$13,673 in the Classroom Facilities Maintenance Special Revenue Fund. The amount available as an advance for June 30, 2020, was \$619,357 in the General Fund, \$84,997 in the Bond Retirement Debt Service Fund, and \$10,649 in the Classroom Facilities Maintenance Special Revenue Fund.

On a full 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 revenues.

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

	2020 Second Half Collections		2021 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$226,874,630	91.04%	\$224,874,900	90.42%
Public Utility Personal	22,321,540	8.96%	23,827,760	9.58%
Total	<u>\$249,196,170</u>	<u>100.00%</u>	<u>\$248,702,660</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$23.65		\$23.65	

# South Point Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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## Note 8 - Receivables

Receivables at June 30, 2021, consisted of property taxes, accounts, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables, except delinquent property taxes, are expected to be collected in one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The delinquent property taxes amounted to \$520,549.

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Elementary and Secondary School Emergency Relief	\$443,903
21st Century	126,526
Early Childhood Education	120,000
Title I Grants to Local Educational Agencies	86,824
Federal and State School Lunch	84,242
Medicaid Reimbursements	71,992
School Bus Purchase Allowance	55,239
IDEA-B	54,843
State Foundation	36,515
Title II-A	9,244
Title IV-A	7,080
Early Childhood Special Education	3,977
Total	<u><u>\$1,100,385</u></u>

## Note 9 - Significant Commitments

### *Encumbrances*

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

<u>Fund</u>	<u>Amount</u>
General	\$508,960
Elementary Secondary School Emergency Relief	300,151
Nonmajor Governmental Funds	140,935
Total	<u><u>\$950,046</u></u>

## South Point Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

### Note 10 - Capital Assets

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

	Balance at 6/30/20	Additions	Deductions	Balance at 6/30/21
Capital Assets:				
Capital Assets not being Depreciated:				
Land	\$1,978,553	\$0	\$0	\$1,978,553
Depreciable Capital Assets:				
Land Improvements	5,140,722	19,605	0	5,160,327
Buildings and Improvements	54,442,404	0	0	54,442,404
Furniture, Fixtures, and Equipment	1,618,699	77,548	0	1,696,247
Vehicles	1,591,696	0	0	1,591,696
Total Depreciable Capital Assets	62,793,521	97,153	0	62,890,674
Less Accumulated Depreciation:				
Land Improvements	(2,708,575)	(278,400)	0	(2,986,975)
Buildings and Improvements	(17,189,301)	(1,088,003)	0	(18,277,304)
Furniture, Fixtures, and Equipment	(1,073,799)	(69,542)	0	(1,143,341)
Vehicles	(1,293,216)	(63,851)	0	(1,357,067)
Total Accumulated Depreciation	(22,264,891)	(1,499,796) *	0	(23,764,687)
Total Capital Assets being Depreciated, Net	40,528,630	(1,402,643)	0	39,125,987
Capital Assets, Net	\$42,507,183	(\$1,402,643)	\$0	\$41,104,540

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

Instruction:	
Regular	\$400,090
Special	184,657
Vocational	11,541
Student Intervention Services	3,847
Support Services:	
Pupils	84,634
Instructional Staff	19,235
Administration	61,552
Fiscal	11,541
Operation and Maintenance of Plant	124,207
Pupil Transportation	212,696
Central	3,847
Food Service Operations	99,191
Extracurricular Activities	282,758
Total Depreciation Expense	\$1,499,796

### Note 11 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2021, the School District contracted with Hylant Administrative Services Selective Insurance for the following coverage:

## South Point Local School District, Ohio

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Property	Deductible	Limits of Coverage
Building and Contents - Replacement Cost	\$1,000	\$68,570,618
General Liability:		
Each Occurrence	0	4,000,000
Aggregate Limit	0	6,000,000
Products - Completed Operations Aggregate Limit	0	4,000,000
Personal and Advertising Injury Limit - Each Offense	0	4,000,000
Fire Legal Liability	0	500,000
Medical Expense Limit - Per Person/Accident	0	10,000
Employers' Liability - Stop Gap:		
Each Occurrence	0	4,000,000
Per Disease Each Employee	0	4,000,000
Per Disease Policy Limit	0	4,000,000
Employee Benefits Liability:		
Per Claim	2,500	4,000,000
Aggregate Limit	0	6,000,000
Vehicles:		
Bodily Injury and Property Damage:		
Per Person	0	4,000,000
Medical Payments - Each Person	0	5,000
Uninsured Motorist:		
Each Accident	0	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The School District reviewed its insurance coverage and made adjustments as deemed appropriate.

For fiscal year 2021, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria.

The School District participates in the Lawrence County Schools Council of Governments Health Benefits Program (Note 18) to provide employee medical benefits. Rates are set through an annual calculation process. The School District pays monthly premiums to the fiscal agent, which is placed into a Council Fund from which claim payments are made for all participating School Districts.



## South Point Local School District, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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### Note 12 - Defined Benefit Pension Plans

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

#### *Net Pension Liability/Net OPEB Liability*

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

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

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 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 proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

## South Point Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

### **Plan Description - School Employees Retirement System (SERS)**

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	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. In 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021.

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

The School District’s contractually required contribution to SERS was \$357,152 for fiscal year 2021. Of this amount, \$46,090 is reported as an intergovernmental payable.

## South Point Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

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### ***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](http://www.strsoh.org).

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

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

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.

## South Point Local School District, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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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 \$1,176,058 for fiscal year 2021. Of this amount, \$212,880 is reported as an intergovernmental payable.

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

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

	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.07007900%	0.06936476%	
Prior Measurement Date	<u>0.07124400%</u>	<u>0.06779820%</u>	
Change in Proportionate Share	<u>-0.00116500%</u>	<u>0.00156656%</u>	
			<u>Total</u>
Proportionate Share of the Net			
Pension Liability	\$4,635,173	\$16,783,804	\$21,418,977
Pension Expense	\$510,730	\$2,151,146	\$2,661,876

## South Point Local School District, Ohio

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

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$9,004	\$37,659	\$46,663
Changes of assumptions	0	900,966	900,966
Net difference between projected and actual earnings on pension plan investments	294,239	816,198	1,110,437
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	4,202	566,054	570,256
School District contributions subsequent to the measurement date	357,152	1,176,058	1,533,210
Total Deferred Outflows of Resources	\$664,597	\$3,496,935	\$4,161,532
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$107,321	\$107,321
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	41,883	96,747	138,630
Total Deferred Inflows of Resources	\$41,883	\$204,068	\$245,951

\$1,533,210 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	(\$22,454)	\$642,166	\$619,712
2023	73,249	451,053	524,302
2024	122,645	594,014	716,659
2025	92,122	429,576	521,698
Total	\$265,562	\$2,116,809	\$2,382,371

### ***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

## South Point Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

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new estimates are made about the future.

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

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

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

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

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

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

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

## South Point Local School District, Ohio

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

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

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the 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%)
School District's proportionate share of the net pension liability	\$6,349,621	\$4,635,173	\$3,196,718

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

## South Point Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

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

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

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

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

\* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, but 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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a



## South Point Local School District, Ohio

*Notes to the Basic Financial Statements  
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discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$23,897,215	\$16,783,804	\$10,755,781

### Note 13 - Postemployment Benefits

See Note 12 for a description of the net OPEB liability.

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 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 \$46,600.

## South Point Local School District, Ohio

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The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District’s contractually required contribution to SERS was \$46,600 for fiscal year 2021. Of this amount, \$46,600 is reported as an intergovernmental payable.

### ***Plan Description - State Teachers Retirement System (STRS)***

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for 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.

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

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

	SERS	STRS	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.07033940%	0.06936476%	
Prior Measurement Date	0.07124460%	0.06779820%	
Change in Proportionate Share	-0.00090520%	0.00156656%	
Proportionate Share of the:			Total
Net OPEB Liability	\$1,528,705	\$0	\$1,528,705
Net OPEB (Asset)	\$0	(\$1,219,084)	(\$1,219,084)
OPEB Expense	(\$14,303)	(\$73,132)	(\$87,435)

## South Point Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

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

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$20,078	\$78,113	\$98,191
Changes of assumptions	260,591	20,124	280,715
Net difference between projected and actual earnings on OPEB plan investments	17,225	42,724	59,949
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	19,784	49,474	69,258
School District contributions subsequent to the measurement date	46,600	0	46,600
Total Deferred Outflows of Resources	\$364,278	\$190,435	\$554,713
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$777,454	\$242,824	\$1,020,278
Changes of assumptions	38,504	1,157,925	1,196,429
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	57,973	37,464	95,437
Total Deferred Inflows of Resources	\$873,931	\$1,438,213	\$2,312,144

\$46,600 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	(\$109,700)	(\$315,450)	(\$425,150)
2023	(108,453)	(286,532)	(394,985)
2024	(108,656)	(276,389)	(385,045)
2025	(110,420)	(257,631)	(368,051)
2026	(87,489)	(53,230)	(140,719)
Thereafter	(31,535)	(58,546)	(90,081)
Total	(\$556,253)	(\$1,247,778)	(\$1,804,031)

### ***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

## South Point Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

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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:

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

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

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

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

## South Point Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

**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 School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
School District's proportionate share of the net OPEB liability	\$1,871,097	\$1,528,705	\$1,256,504
	1% Decrease (6.00 % decreasing to 3.75%)	Current Trend Rate (7.00 % decreasing to 4.75%)	1% Increase (8.00 % decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$1,203,739	\$1,528,705	\$1,963,268

### ***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:

## South Point Local School District, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

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

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

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

**Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend 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

**South Point Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

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(6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	(\$1,060,683)	(\$1,219,084)	(\$1,353,483)

  

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$1,345,140)	(\$1,219,084)	(\$1,065,530)

**Note 14 - Employee Benefits**

***Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who are contracted to work on a twelve month contract, earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers, administrators, and classified employees who are contracted to work less than 230 days per year do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. There is no limit to the amount of sick leave that may be accumulated by classified employees. Teachers and administrators can accumulate up to a maximum of 375 days. Upon retirement, payment is made for one-half of the total sick leave accumulation, up to a maximum payment of 112.5 days for certified and classified employees.

***Insurance Benefits***

Health insurance is provided by Anthem Inc. Premiums for this coverage are \$2,214 for family coverage and \$896 for single coverage. The School District pays 80 percent of both premiums for employees hired after July 1, 2002. The School District pays 100 percent of single premiums for employees hired before July 1, 2002.

The School District provides life insurance and accidental death and dismemberment insurance to certified, classified, and administrative employees through Guardian Insurance Company. The coverage amount is \$30,000 for certified and classified employees and \$50,000 for administrators.

Dental and vision insurance is provided by Guardian. Premiums for dental coverage are \$81 for family coverage and \$22 for single coverage. Premiums for vision coverage are \$11 for family coverage and \$5 for single coverage. The School District pays 100 percent of single coverage. Employees are responsible for the excess cost of the family premium.

## South Point Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

### ***Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System / State Teachers Retirement System. As of June 30, 2021, no members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

### **Note 15 - Long-Term Obligations**

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

	Principal Outstanding 6/30/20	Additions	Deductions	Principal Outstanding 6/30/21	Amounts Due in One Year
<b>Governmental Activities:</b>					
2013 Refunding Bonds					
Serial Bonds - 1.75%-2.625%	\$2,540,000	\$0	\$480,000	\$2,060,000	\$490,000
Term bonds - 3.00%-3.25%	4,485,000	0	0	4,485,000	0
Premium on Bonds	575,958	0	52,360	523,598	0
	<u>7,600,958</u>	<u>0</u>	<u>532,360</u>	<u>7,068,598</u>	<u>490,000</u>
Net Pension Liability:					
STRS	14,993,164	1,790,640	0	16,783,804	0
SERS	4,262,653	372,520	0	4,635,173	0
Total Net Pension Liability	<u>19,255,817</u>	<u>2,163,160</u>	<u>0</u>	<u>21,418,977</u>	<u>0</u>
Net OPEB Liability:					
SERS	1,791,652	0	262,947	1,528,705	0
Capital Leases	<u>81,394</u>	<u>0</u>	<u>81,394</u>	<u>0</u>	<u>0</u>
Compensated Absences	<u>1,884,823</u>	<u>57,770</u>	<u>45,353</u>	<u>1,897,240</u>	<u>31,201</u>
Total Governmental Activities Long-Term Liabilities	<u>\$30,614,644</u>	<u>\$2,220,930</u>	<u>\$922,054</u>	<u>\$31,913,520</u>	<u>\$521,201</u>

Compensated absences and capital leases will be paid from the General Fund. There are no repayment schedules for the net pension and net OPEB liabilities. However, employer pension/OPEB contributions are made from the following funds: General Fund, and the Food Service, Title I, IDEA-B, and Title II-A Special Revenue Funds. See Notes 12 and 13 for additional information related to net pension and net OPEB liabilities.

**2013 Refunding Bonds** - On July 13, 2012, the School District issued refunding bonds of \$7,784,996 consisting of \$3,115,000 in serial bonds, \$184,996 in capital appreciation bonds, and \$4,485,000 in term bonds. The refunding bonds will mature on December 1, 2031. These bonds were issued to advance refund part of the 2004 School Building Construction Bonds. The advance refunded portion of the bonds, as well as the unamortized premium and discount of these advance refunded bonds, were removed from the financial statements of the School District. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$994,838. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized to interest expense over the life of the refunded bonds using the straight-line method. The amortization of this difference for 2021 was \$51,669. At the date of the refunding, \$8,779,834 (including underwriter fees and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2004 bonds. The refunded bonds were called and paid on December 1, 2016.



## South Point Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2021, were as follows:

Fiscal Year	Serial/Term Bonds	
	Principal	Interest
2022	\$490,000	\$183,919
2023	510,000	172,669
2024	525,000	160,369
2025	535,000	146,784
2026	560,000	131,363
2027-2031	3,210,000	379,456
2032	715,000	11,619
Totals	\$6,545,000	\$1,186,179

The overall debt margin of the School District was \$17,335,354, with an unvoted debt margin of \$248,703 at June 30, 2021.

### Note 16 - Interfund Activity

#### *Transfers*

During fiscal year 2021, the General Fund made a transfer out in the amount of \$74,462 to the Food Service Special Revenue Fund and \$22,500 to the Athletics Special Revenue Fund. The transfers were used to move unrestricted revenue collected in the General Fund to finance food service programs and athletics activities in accordance with budgetary authorizations.

#### *Interfund Balances*

As of June 30, 2021, receivables and payables that resulted from various interfund transactions were as follows:

	Receivable	Payable
General Fund	\$702,166	\$0
Elementary Secondary School Emergency Relief	0	596,200
Other Governmental Funds:		
Food Service	0	47,168
Miscellaneous State Grants	0	55,239
Miscellaneous Federal Grants	0	3,559
Total Other Governmental Funds	0	105,966
Total All Funds	\$702,166	\$702,166

### Note 17 - Jointly Governed Organizations

#### *Metropolitan Educational Technology Association (META)*

The School District participates in the Metropolitan Educational Technology Association (META), formed from the merger of the Metropolitan Educational Council (MEC) and the South Central Ohio Computer Association Regional Council of Governments (SCOCARCoG) during fiscal year 2016, which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167

## **South Point Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

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of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and nonmembers innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. During 2021, the School District paid \$32,021 for services with META. Financial information can be obtained from META at 100 Executive Drive, Marion, Ohio 43302.

### ***Collins Career Center***

Collins Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from Chesapeake Union Exempted Village School District, two from the Ironton City School District, and two from the Lawrence County Educational Service Center, which possesses its own budgeting and taxing authority. South Point Local School District made no payments to the Career Center in fiscal year 2021. To obtain financial information write to the Collins Career Center, 11627 State Route 243, Chesapeake, OH 45619.

### ***The Educational Regional Service System (ERSS) Region 15***

The Educational Regional Service System (ERSS) Region 15 is a jointly governed organization consisting of educational entities within Lawrence, Pike, Scioto, and Ross counties. The purpose of the ERSS is to provide support services to school districts, community schools, and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an advisory council, which is the policymaking body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the South Central Educational Service Center, 411 Court Street, Portsmouth, Ohio 45662.

### **Note 18 - Insurance Purchasing Pools**

#### ***Ohio School Plan***

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk

## **South Point Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

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management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

### ***Lawrence County Schools Council of Governments Health Benefits Program***

The School District participates in the Lawrence County Schools Council of Governments Health Benefits Program (Council), a shared risk pool created pursuant to State statute for the purpose of administering health care benefits. The Council is governed by a council, which consists of the superintendent from each participating school district. The council elects officers for one-year terms to serve on the Board of Directors. The council exercises control over the operation of the Council. All council revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans. The Lawrence County Educational Service Center is the fiscal agent of the council. Each School District reserves the right to withdraw from the plan. If this is done, no further contributions will be made and the school district's net pooled share will be distributed and all claims submitted by covered members of the school district after the distribution will be exclusively the liability of the school district.

### ***Ohio School Boards Association Workers' Compensation Group Rating Program (GRP)***

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

### **Note 19 - Set-Aside Calculations**

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years. In prior fiscal years, the School District was also required to set aside money for budget stabilization and textbooks.

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirements for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board of education be returned to the school district's general fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future fiscal years. The bill placed special conditions on any Bureau or Workers' Compensation monies remaining in the budget reserve. For fiscal year 2021, the Board of Education approved maintaining HB412 budget reserve funds of \$67,581 to offset any budget deficit the district may experience in the future.

## South Point Local School District, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

	<u>Capital Improvements</u>
Set-Aside Reserve Balance as of as of June 30, 2020	\$148,119
Current Year Set-Aside Requirement	271,640
Current Year Qualifying Expenditures	(48,008)
Current Year Offsets	<u>(139,942)</u>
Totals	<u>\$231,809</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$231,809</u>

### Note 20 - Contingencies

#### *Grants*

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2021, if applicable, cannot be determined at this time.

#### *Litigation*

The School District is party to legal proceedings. However, no liability has been accrued since the ultimate disposition of these claims and legal proceedings has yet to be determined and the amount of liability, if any, is not measurable.

#### *State Foundation*

In fiscal year 2021, School District foundation funding was based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2021 are finalized. An additional receivable in the amount of \$1,524 and a payable in the amount of \$120 have been recorded by the School District.

### Note 21 - Capital Leases - Lessee Disclosure

In prior fiscal years, the School District entered into a capitalized lease for a football stadium, baseball/softball complex, administrative office renovations, buses, and synthetic turf at the High School football field. The leases meet the criteria of a capital lease which is defined as transferring benefits and risks of ownership to the lessee.

Capital lease payments are reflected as debt service expenditures in the financial statements. They are presented as current expenditures in the budgetary statements. Capital assets acquired by governmental activities through capitalized leases were recorded in the amount of \$1,185,292 acquired in 2015 and \$353,000 in 2018, which is equal to the present value of the minimum lease payments at the time of

## South Point Local School District, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

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acquisition. Accumulated depreciation on the assets is \$473,469, leaving a book value of \$1,064,823. The remaining principal payment in the amount of \$81,394 was paid during fiscal year 2021.

The School District leases Chromebooks from Dell Financial Services under a three year operating lease. Operating lease payments are reported as function expenditures in governmental funds and on the budgetary statements. Total operating lease payments during fiscal year 2021 were \$79,419. The final payment will be due in fiscal year 2022 and includes a purchase option for each Chromebook.

### **Note 22 - COVID-19**

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

### **Note 23 - Subsequent Event**

For fiscal year 2022, School District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$508,218 in revenues and expenditures/expenses related to these programs. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each School District. The School District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

On March 14, 2022 the Board of Education approved a resolution authorizing the issuance of not to exceed \$5,545,000 General Obligation Unlimited Tax Refunding Bonds, Series 2022 to current refund the 2012 General Obligation Unlimited Tax Refunding Bonds, Series 2012 maturing in 2023 through 2031 in the aggregate outstanding principal amount of \$5,545,000. The Bonds will be dated September 6, 2022 and will mature on December 1, 2031 and be subject to annual principal installment payments with an interest rate of 2.12%.

**South Point Local School District, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*School Employees Retirement System of Ohio*  
*Last Eight Fiscal Years (1)\**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
School District's Proportion of the Net Pension Liability	0.07007900%	0.07124400%	0.07089140%
School District's Proportionate Share of the Net Pension Liability	\$4,635,173	\$4,262,653	\$4,060,082
School District's Covered Payroll	\$2,464,886	\$2,468,326	\$2,301,481
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	188.05%	172.69%	176.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%

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

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.06879810%	0.07128510%	0.07354700%	0.07497800%	0.07497800%
\$4,110,534	\$5,217,412	\$4,196,663	\$3,794,594	\$4,458,701
\$2,264,357	\$2,243,571	\$2,210,395	\$2,231,970	\$1,984,289
181.53%	232.55%	189.86%	170.01%	224.70%
69.50%	62.98%	69.16%	71.70%	65.52%

**South Point Local School District, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability*  
*School Employees Retirement System of Ohio*  
*Last Five Fiscal Years (1)*

	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.07033940%	0.07124460%	0.07165290%	0.06961640%	0.07194990%
School District's Proportionate Share of the Net OPEB Liability	\$1,528,705	\$1,791,652	\$1,987,845	\$1,868,321	\$2,050,838
School District's Covered Payroll	\$2,464,886	\$2,468,326	\$2,301,481	\$2,264,357	\$2,243,571
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	62.02%	72.59%	86.37%	82.51%	91.41%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%

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

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

See accompanying notes to the required supplementary information



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**South Point Local School District, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*State Teachers Retirement System of Ohio*  
*Last Eight Fiscal Years (1)\**

	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.06936476%	0.06779820%	0.06570720%
School District's Proportionate Share of the Net Pension Liability	\$16,783,804	\$14,993,164	\$14,447,538
School District's Covered Payroll	\$8,461,100	\$8,021,829	\$7,544,979
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	198.36%	186.90%	191.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.30%

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

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.06413937%	0.06577384%	0.06673954%	0.06768855%	0.06768855%
\$15,236,445	\$22,016,487	\$18,444,857	\$16,464,198	\$19,612,044
\$7,077,121	\$6,932,721	\$6,982,421	\$6,933,943	\$6,818,932
215.29%	317.57%	264.16%	237.44%	287.61%
75.30%	66.80%	72.10%	74.70%	69.30%

**South Point Local School District, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)*  
*State Teachers Retirement System of Ohio*  
*Last Five Fiscal Years (1)*

	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.06936476%	0.06779820%	0.06570720%	0.06413937%	0.06577384%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$1,219,084)	(\$1,122,901)	(\$1,055,848)	\$2,502,482	\$3,517,602
School District's Covered Payroll	\$8,461,100	\$8,021,829	\$7,544,979	\$7,077,121	\$6,932,721
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-14.41%	-14.00%	-13.99%	35.36%	50.74%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	182.10%	174.70%	176.00%	47.10%	37.30%

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

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

See accompanying notes to the required supplementary information

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**South Point Local School District, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions*  
*School Employees Retirement System of Ohio*  
*Last Ten Fiscal Years*

	2021	2020	2019	2018
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$357,152	\$345,084	\$333,224	\$310,700
Contributions in Relation to the Contractually Required Contribution	(357,152)	(345,084)	(333,224)	(310,700)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$2,551,086	\$2,464,886	\$2,468,326	\$2,301,481
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution (2)	\$46,600	\$33,924	\$47,549	\$49,034
Contributions in Relation to the Contractually Required Contribution	(46,600)	(33,924)	(47,549)	(49,034)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.83%</u>	<u>1.38%</u>	<u>1.93%</u>	<u>2.13%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.83%</u>	<u>15.38%</u>	<u>15.43%</u>	<u>15.63%</u>

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013	2012
\$317,010	\$314,100	\$291,330	\$309,351	\$274,626	\$280,636
(317,010)	(314,100)	(291,330)	(309,351)	(274,626)	(280,636)
\$0	\$0	\$0	\$0	\$0	\$0
\$2,264,357	\$2,243,571	\$2,210,395	\$2,231,970	\$1,984,289	\$2,086,516
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%
\$37,028	\$35,164	\$55,378	\$40,601	\$40,503	\$44,219
(37,028)	(35,164)	(55,378)	(40,601)	(40,503)	(44,219)
\$0	\$0	\$0	\$0	\$0	\$0
1.64%	1.57%	2.51%	1.82%	2.04%	2.12%
15.64%	15.57%	15.69%	15.68%	15.88%	15.57%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$1,176,058	\$1,184,554	\$1,123,056	\$1,056,297
Contributions in Relation to the Contractually Required Contribution	<u>(1,176,058)</u>	<u>(1,184,554)</u>	<u>(1,123,056)</u>	<u>(1,056,297)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$8,400,414	\$8,461,100	\$8,021,829	\$7,544,979
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

See accompanying notes to the required supplementary information



<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$990,797	\$970,581	\$977,539	\$901,413	\$886,461	\$854,913
<u>(990,797)</u>	<u>(970,581)</u>	<u>(977,539)</u>	<u>(901,413)</u>	<u>(886,461)</u>	<u>(854,913)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,077,121	\$6,932,721	\$6,982,421	\$6,933,943	\$6,818,932	\$6,576,256
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$0	\$0	\$0	\$69,339	\$68,189	\$65,763
<u>0</u>	<u>0</u>	<u>0</u>	<u>(69,339)</u>	<u>(68,189)</u>	<u>(65,763)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

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**South Point Local School District, Ohio**

*Notes to the Required Supplementary Information*

*For the Fiscal Year Ended June 30, 2021*

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**Net Pension Liability**

**Changes in Benefit Terms – SERS**

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.

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

**Changes in Assumptions – SERS**

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

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

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

**Changes in Assumptions - STRS**

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

## South Point Local School District, Ohio

### *Notes to the Required Supplementary Information*

*For the Fiscal Year Ended June 30, 2021*

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

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

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

### Net OPEB Liability

#### Changes in Assumptions – SERS

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

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

## South Point Local School District, Ohio

*Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2021*

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In fiscal year 2021, the discount rate was changed from 3.22% to 2.63%

In fiscal year 2020, the discount rate was changed from 3.70% to 3.22%

In fiscal year 2019, the discount rate was changed from 3.63% to 3.70%. The health care trend rates were also updated.

In fiscal year 2018, the discount rate was change from 2.98% to 3.63%.

In fiscal year 2017, the following assumptions were changed:

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
  - o 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 was updated to the following:
  - o RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- Mortality among disabled members was updated to the following:
  - o 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.

### **Changes in Assumptions – STRS**

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

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

### **Changes in Benefit Terms – STRS OPEB**

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

## **South Point Local School District, Ohio**

### *Notes to the Required Supplementary Information*

*For the Fiscal Year Ended June 30, 2021*

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

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

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

**SOUTH POINT LOCAL SCHOOL DISTRICT  
LAWRENCE COUNTY**

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

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal AL Number</b>	<b>Pass Through Grant Year</b>	<b>Provided Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	2020-2021	\$ 0	\$ 47,046
Cash Assistance:				
School Breakfast Program	10.553	2020-2021	0	167,873
School Breakfast Program - COVID 19		2020-2021	0	24,202
National School Lunch Program	10.555	2020-2021	0	336,412
National School Lunch Program - COVID 19		2020-2021	0	48,400
Total Child Nutrition Cluster			0	623,933
Total U.S. Department of Agriculture			0	623,933
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	2020 2021	0 0	167,544 762,941
Total Title I Grants to Local Educational Agencies			0	930,485
Title I - Expanding Opportunities for Each Child	84.010A	2021	0	16,184
Special Education Cluster:				
Special Education Grants to States	84.027	2020 2021	0 0	47,912 292,229
Total Special Education Grants to States			0	340,141
Special Education Preschool Grants	84.173	2021	0	7,720
Total Special Education Cluster			0	347,861
Twenty-First Century Community Learning Centers	84.287	2021	0	273,474
Student Support and Academic Enrichment Program	84.424	2020 2021	0 0	8,376 51,838
Total Student Support and Academic Enrichment Program			0	60,214
Rural Education	84.358	2021	0	29,720
COVID-19 Education Stabilization Fund	84.425D	2021 2022	0 0	648,617 260,404
Total COVID-19 Education Stabilization Fund			0	909,021
Total U.S. Department of Education			0	2,566,959
<b>U.S. DEPARTMENT OF THE TREASURY</b>				
<i>Passed Through Ohio Department of Education</i>				
COVID-19 Coronavirus Relief Fund	21.019	2021	0	180,200
Total U.S. Department of the Treasury			0	180,200
<b>Total Expenditures of Federal Awards</b>			<b>\$ 0</b>	<b>\$ 3,371,092</b>

The accompanying notes are an integral part of this schedule.

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**SOUTH POINT LOCAL SCHOOL DISTRICT  
LAWRENCE COUNTY**

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

**NOTE A – BASIS OF PRESENTATION**

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

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D – CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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

**NOTE F - TRANSFERS BETWEEN PROGRAM YEARS**

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

2020 to 2021 Programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amt. Transferred</u>			
Title I Grants to Local Educational Agencies	84.010	\$6,085			
Title II-A Grants to Local Educational Agencies	84.367	525			

**NOTE G - TRANSFERS BETWEEN FEDERAL PROGRAMS**

During fiscal year 2021, the School District made allowable transfers of \$93,319 from the Title II-A Supporting Effective Instruction (84.367) program to the Title I-A Improving Basic Programs (84.010) program. The amount transferred to the Title I-A Improving Basic Programs program is included as Title I-A Improving Basic Programs expenditures when disbursed. The following table shows the gross amount drawn for the Title II-A Supporting Effective Instruction program during fiscal year 2021 and the amount transferred to the Title I-A Improving Basic Programs program.

Title II-A Supporting Effective Instruction	\$ 93,319
Transfer to Title I-A Improving Basic Programs	<u>(93,319)</u>
Total Title II-A Supporting Effective Instruction	<u>\$ 0</u>



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

South Point Local School District  
Lawrence County  
302 High Street  
South Point, Ohio 45680

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Point Local School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated June 6, 2022 wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio  
June 6, 2022

# OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

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

South Point Local School District  
Lawrence County  
302 High Street  
South Point, Ohio 45680

To the Board of Education:

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

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

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

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

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

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

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

### ***Opinion on Each Major Federal Program***

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

**Report on Internal Control Over Compliance**

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio  
June 6, 2022

**SOUTH POINT LOCAL SCHOOL DISTRICT  
LAWRENCE COUNTY**

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

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Twenty-First Century Community Learning Centers – Federal AL # 84.287 COVID-19 Education Stabilization Fund – Federal AL # 84.425D
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	Yes

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

None.

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

None.





# OHIO AUDITOR OF STATE KEITH FABER



**SOUTH POINT LOCAL SCHOOL DISTRICT**

**LAWRENCE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 6/28/2022**

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](http://www.ohioauditor.gov)