

**Springboro Community City School District
Warren County**



Single Audit

For the Year Ended June 30, 2021

PLATTENBURG
Certified Public Accountants



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

Board of Education
Springboro Community City School District
1685 South Main Street
Springboro, Ohio 45066

We have reviewed the *Independent Auditor's Report* of the Springboro Community City School District, Warren County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery Repaid Under Audit – Travel Reimbursement and Compensation:

The Superintendent contracts entered into by and between the District and former Superintendent, Daniel Schroer state, in part, the Board shall reimburse the Superintendent for all actual necessary travel and other expenses reasonably necessary in the performance of his official duties.

The Superintendent's contract entered into by and between the District and Mr. Schroer effective during the period of August 1, 2016 through July 31, 2018 states, in part, the Superintendent shall work 260 days per year and shall devote such time and energies as are necessary to perform the duties specified in the position description. The Superintendent's contract effective August 1, 2018 states the Superintendent shall work 230 days per year including holidays and shall devote such time and energies as are necessary to perform the duties specified in the position description. As part of the 230 work days per year, the Superintendent was provided with eight floating work days. Both contracts state these duties will generally be performed during normal business hours, but it is expressly agreed that the duties of this position will require the Superintendent to work during times other than normal business hours. Accordingly, the Superintendent may attend to personal matters to a reasonable extent during the work day.

We reviewed Mr. Schroer's mileage log and reimbursement forms, cell phone records, work calendars, and leave records for the period of January 1, 2017 through June 7, 2019 and identified the following:

- Mr. Schroer was reimbursed mileage for 19 trips totaling \$1,367, however, he did not travel to the location documented on his mileage log and reimbursement form. Mr. Schroer was reimbursed mileage for 10 trips totaling \$822, however, the purpose of the trips was not necessary for the performance of his official duties as Superintendent.
- Mr. Schroer was compensated as Superintendent but did not perform District related duties or use leave during normal business hours for 111 hours totaling \$7,751 during the period of January 1, 2017 through July 31, 2018. Mr. Schroer was compensated as Superintendent but did not perform District related duties, use leave, or use a floating work day during normal business hours for 9.5 hours totaling \$795 during the period of August 1, 2018 through June 7, 2019.

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In accordance with the foregoing facts and pursuant to **Ohio Rev. Code § 117.28**, a finding for recovery for public property which has been converted or misappropriated is hereby issued against Daniel Schroer in the amount of \$10,735 and in favor of the Springboro Community City School District General Fund. On August 30, 2019, the District and Mr. Schroer executed a Release and Separation agreement. Per the agreement, Mr. Schroer agreed to have \$22,000 owed to him placed into a bank account opened and held by the District entitled "Daniel Schroer Escrow Account". On February 17, 2022, the District transferred \$10,735 from the escrow account to the District's bank account resulting in the full repayment of the finding for recovery against Daniel Schroer.

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



Keith Faber
Auditor of State
Columbus, Ohio

March 16, 2022

**SPRINGBORO COMMUNITY CITY SCHOOL DISTRICT
WARREN COUNTY
FOR THE YEAR ENDED JUNE 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Springboro Community City School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
November 16, 2021

Springboro Community City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

The discussion and analysis of Springboro Community City 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 notes to the basic financial statements and financial statements to enhance their understanding of the School District's performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- Net position of governmental activities increased \$5,345,534 which represents a 15% increase from 2020.
- General revenues accounted for \$65,811,487 in revenue or 88% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$9,357,924 or 12% of total revenues of \$75,169,411.
- The School District had \$69,823,877 in expenses related to governmental activities; \$9,357,924 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$65,811,487 were also used to provide for these programs.

Overview of the Financial Statements

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

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

Government-Wide Financial Statements

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

Springboro Community City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the 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 Government-wide Financial Statements, the overall financial position of the School District is presented as Governmental Activities – All of the School District's programs and services are reported as Governmental Activities including instruction, support services, operation of noninstructional services, extracurricular activities, and interest and fiscal charges.

Fund Financial Statements

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

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

Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs.

The School District as a Whole

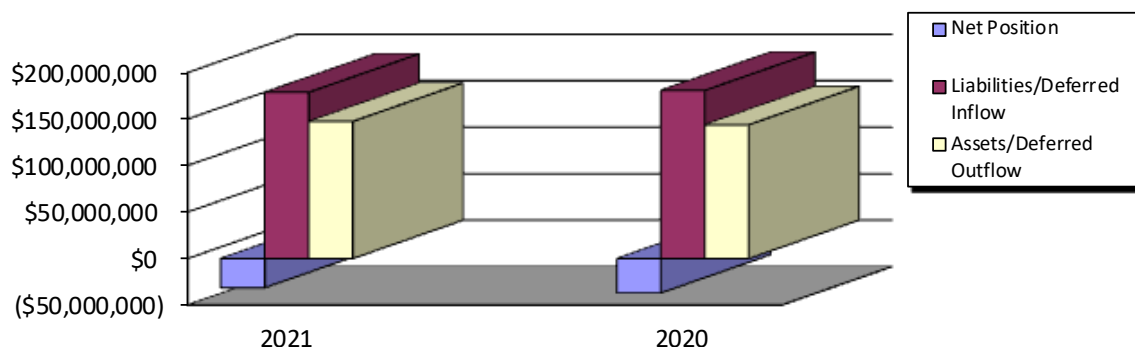
As stated previously, the Statement of Net Position looks at the School District as a whole. Table 1 provides a summary of the School District's net position for 2021 compared to 2020.

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Springboro Community City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

Table 1
Net Position

	Governmental Activities	
	2021	2020-Restated
Assets:		
Current and Other Assets	\$66,029,275	\$60,117,781
Net OPEB Asset	3,594,592	3,391,937
Capital Assets	64,033,516	66,802,197
Total Assets	133,657,383	130,311,915
Deferred Outflows of Resources:		
Deferred Charge on Refunding	244,138	341,794
OPEB	1,890,624	1,470,151
Pension	11,623,435	12,024,035
Total Deferred Outflows of Resources	13,758,197	13,835,980
Liabilities:		
Other Liabilities	6,649,711	6,467,341
Long-Term Liabilities	128,315,134	129,904,945
Total Liabilities	134,964,845	136,372,286
Deferred Inflows of Resources:		
Property Taxes	36,287,783	35,975,986
Revenue in Lieu of Taxes	39,499	10,670
OPEB	6,938,775	5,780,156
Pension	464,143	2,633,796
Total Deferred Inflows of Resources	43,730,200	44,400,608
Net Position:		
Net Investment in Capital Assets	7,090,859	3,547,147
Restricted	11,842,152	10,834,309
Unrestricted	(50,212,476)	(51,006,455)
Total Net Position	(\$31,279,465)	(\$36,624,999)



Over time, net position can serve as a useful indicator of a government's financial position. At June 30,

Springboro Community City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

2021, the School District's liabilities and deferred inflows exceeded assets and deferred outflows by \$31,279,465.

At year-end, capital assets represented 48% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, equipment, and vehicles. Net investment in capital assets at June 30, 2021, was \$7,090,859. These capital assets are used to provide services to the students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$11,842,152 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Total assets increased when compared to the prior year due to an increase in taxes receivable. Long-term liabilities decreased due to the District paying down their outstanding debt.

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

Table 2
Changes in Net Position

	Governmental Activities	
	2021	2020-Restated
Revenues:		
Program Revenues		
Charges for Services	\$2,859,941	\$3,832,291
Operating Grants, Contributions	6,497,983	4,883,156
General Revenues:		
Property Taxes	45,295,958	39,003,822
Grants and Entitlements	18,916,220	18,218,282
Investment Earnings	36,960	154,959
Other	1,562,349	785,864
Total Revenues	75,169,411	66,878,374
Program Expenses:		
Instruction	40,523,654	39,683,218
Support Services:		
Pupil and Instructional Staff	7,160,329	6,061,798
School Administrative, General		
Administration, Fiscal and Business	5,756,561	5,870,078
Operations and Maintenance	5,582,903	5,222,300
Pupil Transportation	4,338,115	4,059,886
Central	547,013	449,137
Operation of Non-Instructional Services	1,602,184	1,569,076
Extracurricular Activities	1,838,357	2,066,949
Interest and Fiscal Charges	2,474,761	2,940,931
Total Program Expenses	69,823,877	67,923,373
Change in Net Position	5,345,534	(1,044,999)
Net Position - Beginning of Year, Restated	(36,624,999)	(35,580,000)
Net Position - End of Year	(\$31,279,465)	(\$36,624,999)

The School District revenues are mainly from two sources. Property taxes levied for general and debt

Springboro Community City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

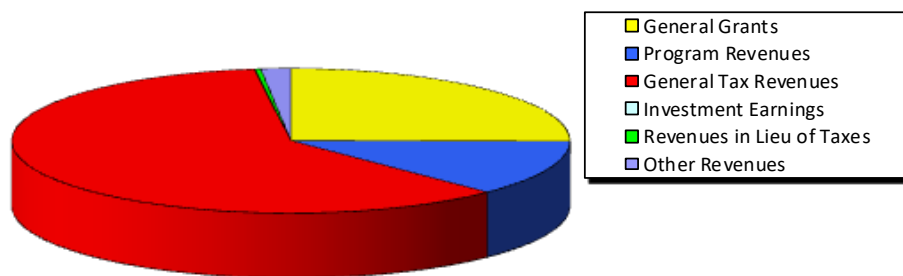
service, and grants and entitlements comprised 85% of the School District's revenues for governmental activities.

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

Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 60% of revenue for governmental activities for the School District in fiscal year 2021.

Governmental Activities
Revenue Sources

	2021	Percentage
General Grants	\$18,916,220	25.17%
Program Revenues	9,357,924	12.45%
General Tax Revenues	45,295,958	60.27%
Investment Earnings	36,960	0.05%
Revenues in Lieu of Taxes	248,559	0.33%
Other Revenues	1,301,977	1.73%
Total Revenue Sources	\$75,157,598	100.00%



Instruction comprises 58% of governmental program expenses. Support services expenses were 33% of governmental program expenses. All other expenses including interest and fiscal charges were 9%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Program revenues increased from the prior year due to an increase in operating grants and contributions. General revenues increased due to an increase in property tax revenues.

Governmental Activities

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

Table 3

Springboro Community City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2021	2020-Restated	2021	2020-Restated
Instruction	\$40,523,654	\$39,683,218	(\$36,177,128)	(\$35,000,301)
Support Services:				
Pupil and Instructional Staff	7,160,329	6,061,798	(6,590,274)	(5,642,175)
School Administrative, General				
Administration, Fiscal and Business	5,756,561	5,870,078	(5,243,013)	(5,541,806)
Operations and Maintenance	5,582,903	5,222,300	(4,325,500)	(4,340,421)
Pupil Transportation	4,338,115	4,059,886	(4,100,553)	(3,941,356)
Central	547,013	449,137	(536,213)	(438,337)
Operation of Non-Instructional Services	1,602,184	1,569,076	158,847	(14,014)
Extracurricular Activities	1,838,357	2,066,949	(1,177,358)	(1,348,585)
Interest and Fiscal Charges	2,474,761	2,940,931	(2,474,761)	(2,940,931)
Total Expenses	<u>\$69,823,877</u>	<u>\$67,923,373</u>	<u>(\$60,465,953)</u>	<u>(\$59,207,926)</u>

The School District's Funds

The School District has two major governmental funds: the General Fund and Bond Retirement Fund. Assets of the General Fund comprised \$48,859,919 (74%) and assets of the Bond Retirement Fund comprised \$13,109,647 (20%) of the total \$66,092,244 governmental funds' assets.

General Fund: Fund balance at June 30, 2021 was \$10,805,615 including \$10,445,161 of unassigned balance. The School District had an increase in fund balance of \$4,377,570 mainly due to total revenues exceeding expenditures during the year.

Bond Retirement Fund: Fund balance at June 30, 2021 was \$9,227,804 with an increase in fund balance of \$501,460 mainly due to total revenues exceeding total expenditures during the year.

General Fund Budgeting Highlights

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

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

For the General Fund, final budget basis revenue was \$57,128,122, compared to original budget estimate of \$55,665,593, while the actual revenue had a difference of \$676,608 from the final budget basis revenues due to an underestimation of taxes and intergovernmental revenue.

The School District's unobligated cash balance for the General Fund was \$11,924,564.

Capital Assets and Debt Administration

Springboro Community City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

Capital Assets

At the end of fiscal year 2021, the School District had \$64,033,516 invested in land, land improvements, buildings and improvements, equipment and vehicles. Table 4 shows fiscal year 2021 balances compared to fiscal year 2020:

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

	Governmental Activities	
	2021	2020
Land	\$1,421,691	\$1,421,691
Land Improvements	2,983,563	3,177,979
Buildings and Improvements	55,642,166	57,938,196
Equipment	1,631,938	2,102,258
Vehicles	2,354,158	2,162,073
Total Net Capital Assets	<u>\$64,033,516</u>	<u>\$66,802,197</u>

Total Net Capital Assets decreased in 2021 as compared to 2020 because depreciation expense was more than current year additions. See Note 6 to the Basic Financial Statements for further details on the School District's capital assets.

Debt

At June 30, 2021, the School District had \$57,186,795 in debt outstanding, \$6,699,085 due within one year. Table 5 summarizes total debt outstanding.

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Springboro Community City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

Table 5
Outstanding Debt at Year End

	2021	2020
General Obligation Bonds Payable:		
2007 School Improvement Refunding Bonds	\$35,895,000	\$38,675,000
Premium	2,918,985	3,162,233
2015 Refunding Bonds		
Current Interest	4,770,000	6,755,000
Capital Appreciation	0	0
Accreted Interest	0	0
Premium	307,117	429,964
2018 Turf Field	253,580	286,980
2015 HB264 COP Bonds	3,755,000	3,960,000
Premium	76,169	81,811
Capital Leases		
2002 OASBO Pool Lease	4,054,000	4,330,000
2004 OASBO Pool Lease Athletic Fields	643,000	829,000
2004 OASB Pool Lease Chillers	0	66,000
2004 OASBO Pool Lease Buses	610,000	642,000
2002 OASBO Pool Lease Buses	607,000	646,000
2004 OASBO Pool Lease MVH	2,274,000	2,432,000
2016 CC Modular Lease	129,670	180,558
2017 Bus Lease	0	0
2018 Bus Lease	357,972	467,809
2018 Musco Lighting Project	76,906	113,143
2018 CC Modular Lease	458,396	539,346
Total Outstanding Debt at Year End	<u>\$57,186,795</u>	<u>\$63,596,844</u>

See Note 11 to the Basic Financial Statements for further details on the School District's obligations.

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 questions about this report or need additional financial information, contact the CFO, at Springboro Community City School District, 1685 South Main Street, Springboro, Ohio 45066.

Springboro Community City School District
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$22,884,070
Receivables (Net):	
Taxes	42,351,449
Accounts	376,321
Interest	8,058
Intergovernmental	365,165
Inventory	44,212
Nondepreciable Capital Assets	1,421,691
Depreciable Capital Assets, Net	62,611,825
Net OPEB Asset	3,594,592
Total Assets	133,657,383
Deferred Outflows of Resources:	
Deferred Charge on Refunding	244,138
Pension	11,623,435
OPEB	1,890,624
Total Deferred Outflows of Resources	13,758,197
Liabilities:	
Accounts Payable	36,369
Accrued Wages and Benefits	6,387,331
Accrued Interest Payable	226,011
Long-Term Liabilities:	
Due Within One Year	7,057,076
Due In More Than One Year	
Net Pension Liability	64,405,474
Net OPEB Liability	4,971,966
Other Amounts	51,880,618
Total Liabilities	134,964,845
Deferred Inflows of Resources:	
Property Taxes	36,287,783
OPEB	6,938,775
Revenue in Lieu of Taxes	39,499
Pension	464,143
Total Deferred Inflows of Resources	43,730,200
Net Position:	
Net Investment in Capital Assets	7,090,859
Restricted for:	
District Managed Student Activity	651,895
Federal Grants	270,364
Food Service	873,331
Capital Projects	321,316
Debt Service	9,111,563
Other Purposes	613,683
Unrestricted	(50,212,476)
Total Net Position	(\$31,279,465)

See accompanying notes to the basic financial statements.

Springboro Community City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2021

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$28,807,479	\$1,037,447	\$725,799	(\$27,044,233)
Special	10,515,882	76,370	2,500,112	(7,939,400)
Vocational	0	0	6,798	6,798
Other	1,200,293	0	0	(1,200,293)
Support Services:				
Pupil	4,521,878	0	320,663	(4,201,215)
Instructional Staff	2,638,451	0	249,392	(2,389,059)
General Administration	164,385	0	0	(164,385)
School Administration	3,603,475	0	285,432	(3,318,043)
Fiscal	1,470,787	0	0	(1,470,787)
Business	517,914	317	227,799	(289,798)
Operations and Maintenance	5,582,903	801,367	456,036	(4,325,500)
Pupil Transportation	4,338,115	0	237,562	(4,100,553)
Central	547,013	0	10,800	(536,213)
Operation of Non-Instructional Services	1,602,184	283,441	1,477,590	158,847
Extracurricular Activities	1,838,357	660,999	0	(1,177,358)
Interest and Fiscal Charges	2,474,761	0	0	(2,474,761)
Totals	<u>\$69,823,877</u>	<u>\$2,859,941</u>	<u>\$6,497,983</u>	<u>(60,465,953)</u>

General Revenues:

Property Taxes Levied for:	
General Purposes	38,616,488
Debt Service Purposes	6,679,470
Grants and Entitlements, Not Restricted	18,916,220
Revenue in Lieu of Taxes	248,559
Unrestricted Contributions	11,813
Investment Earnings	36,960
Other Revenues	<u>1,301,977</u>
Total General Revenues	<u>65,811,487</u>
Change in Net Position	5,345,534
Net Position - Beginning of Year, Restated	<u>(36,624,999)</u>
Net Position - End of Year	<u>(\$31,279,465)</u>

See accompanying notes to the basic financial statements.

Springboro Community City School District
Balance Sheet
Governmental Funds
June 30, 2021

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$12,316,370	\$8,306,378	\$2,261,322	\$22,884,070
Receivables (Net):				
Taxes	36,358,311	4,803,269	1,189,869	42,351,449
Accounts	60,474	0	315,847	376,321
Interest	8,058	0	0	8,058
Intergovernmental	53,737	0	311,428	365,165
Interfund	62,969	0	0	62,969
Inventory	0	0	44,212	44,212
Total Assets	<u>48,859,919</u>	<u>13,109,647</u>	<u>4,122,678</u>	<u>66,092,244</u>
Liabilities:				
Accounts Payable	31,897	0	4,472	36,369
Accrued Wages and Benefits	6,275,149	0	112,182	6,387,331
Compensated Absences	188,919	0	1,360	190,279
Interfund Payable	0	0	62,969	62,969
Total Liabilities	<u>6,495,965</u>	<u>0</u>	<u>180,983</u>	<u>6,676,948</u>
Deferred Inflows of Resources:				
Property Taxes	31,511,609	3,881,843	1,189,869	36,583,321
Grants and Other Taxes	39,499	0	120,963	160,462
Accounts Receivable	0	0	292,500	292,500
Investment Earnings	7,231	0	0	7,231
Total Deferred Inflows of Resources	<u>31,558,339</u>	<u>3,881,843</u>	<u>1,603,332</u>	<u>37,043,514</u>
Fund Balances:				
Restricted	0	9,227,804	2,338,363	11,566,167
Assigned	360,454	0	0	360,454
Unassigned	10,445,161	0	0	10,445,161
Total Fund Balances	<u>10,805,615</u>	<u>9,227,804</u>	<u>2,338,363</u>	<u>22,371,782</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$48,859,919</u>	<u>\$13,109,647</u>	<u>\$4,122,678</u>	<u>\$66,092,244</u>

See accompanying notes to the basic financial statements.

Springboro Community City School District
Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
June 30, 2021

Total Governmental Fund Balance		\$22,371,782
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets used in the operation of Governmental Funds		64,033,516
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent Property Taxes	\$295,538	
Interest	7,231	
Intergovernmental	120,963	
Other Receivables	292,500	
		716,232
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		
		(226,011)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(1,560,620)
Deferred charge on refunding associated with long-term liabilities that are not reported in the funds.		
		244,138
Deferred outflows and inflows or resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	11,623,435	
Deferred inflows of resources related to pensions	(464,143)	
Deferred outflows of resources related to OPEB	1,890,624	
Deferred inflows of resources related to OPEB	(6,938,775)	
		6,111,141
Long-term liabilities and net OPEB assets are not available to pay for current period expenditures and are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB Asset	3,594,592	
Net Pension Liability	(64,405,474)	
Net OPEB Liability	(4,971,966)	
Other Amounts	(57,186,795)	
		(122,969,643)
Net Position of Governmental Activities		<u>(\$31,279,465)</u>

See accompanying notes to the basic financial statements.

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

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property and Other Taxes	\$38,767,895	\$6,706,885	\$0	\$45,474,780
Tuition and Fees	818,952	0	0	818,952
Investment Earnings	39,060	0	198	39,258
Intergovernmental	20,589,620	746,591	4,154,320	25,490,531
Extracurricular Activities	357,139	0	599,042	956,181
Charges for Services	223,462	0	283,441	506,903
Revenue in Lieu of Taxes	248,559	0	0	248,559
Other Revenues	1,315,779	0	634,422	1,950,201
Total Revenues	62,360,466	7,453,476	5,671,423	75,485,365
Expenditures:				
Current:				
Instruction:				
Regular	25,031,257	0	120,022	25,151,279
Special	8,862,064	0	1,034,299	9,896,363
Other	1,200,293	0	0	1,200,293
Support Services:				
Pupil	3,933,813	0	329,467	4,263,280
Instructional Staff	2,161,666	0	242,324	2,403,990
General Administration	161,304	0	0	161,304
School Administration	3,033,367	0	302,997	3,336,364
Fiscal	1,325,968	69,504	0	1,395,472
Business	287,676	0	212,009	499,685
Operations and Maintenance	4,099,364	0	361,187	4,460,551
Pupil Transportation	3,804,823	0	114,171	3,918,994
Central	510,292	0	10,800	521,092
Operation of Non-Instructional Services	1,364	0	1,470,250	1,471,614
Extracurricular Activities	956,039	0	669,622	1,625,661
Capital Outlay	669,281	0	156,870	826,151
Debt Service:				
Principal Retirement	1,239,912	4,765,000	33,400	6,038,312
Interest and Fiscal Charges	645,310	2,117,512	11,414	2,774,236
Total Expenditures	57,923,793	6,952,016	5,068,832	69,944,641
Excess of Revenues Over (Under) Expenditures	4,436,673	501,460	602,591	5,540,724
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	897	0	0	897
Transfers In	0	0	60,000	60,000
Transfers (Out)	(60,000)	0	0	(60,000)
Total Other Financing Sources (Uses)	(59,103)	0	60,000	897
Net Change in Fund Balance	4,377,570	501,460	662,591	5,541,621
Fund Balance - Beginning of Year, Restated	6,428,045	8,726,344	1,675,772	16,830,161
Fund Balance - End of Year	\$10,805,615	\$9,227,804	\$2,338,363	\$22,371,782

See accompanying notes to the basic financial statements.

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

Net Change in Fund Balance - Total Governmental Funds	\$5,541,621
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Amounts reported for governmental activities in the
statement of activities are different because:

Governmental funds report capital asset additions as expenditures.

However, in the statement of activities, the cost of those assets is
allocated over their estimated useful lives as depreciation
expense. This is the amount of the difference between capital
asset additions and depreciation in the current period.

Capital assets used in governmental activities	\$846,273	
Depreciation Expense	(3,614,954)	
		(2,768,681)

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

District pension contributions	4,713,750	
Cost of benefits earned net of employee contributions - Pensions	(8,395,904)	
District OPEB contributions	159,824	
Cost of benefits earned net of employee contributions - OPEB	197,543	
		(3,324,787)

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

Delinquent Property Taxes	(178,822)	
Interest	(2,298)	
Intergovernmental	(90,731)	
Other	(45,000)	
		(316,851)

Repayment of bond principal and accretion interest payments are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	6,038,312
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In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due.	25,394
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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	(123,555)	
Amortization of Bond Premium	371,737	
Amortization of Deferred Charge on Refunding	(97,656)	
		150,526

Change in Net Position of Governmental Activities	<u>\$5,345,534</u>
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See accompanying notes to the basic financial statements.

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 1 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to 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.

Description of the District

Springboro Community City School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state statute and/or federal guidelines.

The School District was established in 1990 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 44.7 square miles. It is located in Warren County, and includes the City of Springboro and Clearcreek Township and a small portion of Franklin Township. It is staffed by 267 non-certificated employees, 31 administrative employees, and 379 certificated full-time teaching personnel who provide services to 6,160 students and other community members. The School District currently operates 6 instructional buildings, 1 administrative building, and 1 garage, and 1 multi-use building (Educare).

Reporting Entity

The reporting entity is comprised of the primary government. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Springboro Community City 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.

The School District has no component units.

The School District is associated with three jointly governed organizations. These organizations are the Southwestern Ohio Computer Association (SWOCA), the Warren County Career Center, and the Southwestern Ohio Educational Purchasing Council.

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Southwestern Ohio Computer Association - The School District is a participating member of the Southwestern Ohio Computer Association (SWOCA). SWOCA provides data services needed by the participating school districts. D. Russell Lee Vocational School serves as the fiscal agent. This is a jointly governed organization and the School District's participation is discussed in Note 14 to the Basic Financial Statements.

Warren County Career Center - The School District became a member of a cooperative agreement to establish the Warren County Career Center to provide for the vocational and special education needs of the students. The School District is not involved in the budgeting or management of the Warren County Career Center. A board member appointed by the School District's school board members serves as a member of the Warren County Career Center Board of Education. This is a jointly governed organization and the School District's participation is discussed in Note 14 to the Basic Financial Statements.

Southwestern Ohio Educational Purchasing Council - The School District is a participating member of the Southwestern Ohio Educational Purchasing Council (the "Council"). The Council's purpose is to obtain prices for quality merchandise and services commonly used by schools. The Montgomery County Educational Service Center acts as the fiscal agent. This is a jointly governed organization and the School District's participation is discussed in Note 14 to the Basic Financial Statements.

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 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, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program; and grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. 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 rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Fund Accounting

The School District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. The funds used by this School District can be classified using two categories, governmental and fiduciary. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District functions or activities.

The following fund types are used by the District:

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, and liabilities and deferred inflows is reported as fund balance. The following are the School District's major governmental funds:

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

Bond Retirement Fund - The Bond Retirement Debt Service Fund is a fund provided for the retirement of serial bonds and short term loans. All revenue derived from general or special levies, either within or exceeding the ten-mill limitation, which is levied for debt charges on bonds or loans, shall be paid into this fund. The primary source of revenue for this fund is property tax levies.

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

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

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, liabilities, and deferred inflows/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 (i.e., revenues) and decreases (i.e., expenses) in total net position.

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

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. Fiduciary funds also use the accrual basis of accounting.

Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 4). 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, tuition, grants and fees.

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. For the School District, deferred outflows of resources includes a deferred charge on refunding, pension, and other post employment benefits. These amounts are reported on the government-wide statement of net position. The deferred outflows of resources related to pension, and OPEB plans are explained in Notes 9 and 10.

The School District reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the School District these amounts consist of property taxes, revenue in lieu of taxes (which includes tax incremental financing 'TIF'), grants and other taxes, OPEB, pension, accounts receivable, and investment earnings. The difference between deferred inflows on the Statement of Net Position and the Balance Sheet is due to delinquent property taxes and grants not received during the available period. These were reported as revenues on the Statement of Activities and not recorded as deferred inflows on the Statement of Net Position. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance year 2022 operations. These amounts have been recorded as deferred inflows on both the governmental-wide statement of net position and the governmental fund financial statements. TIF's have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Grants, other taxes, accounts receivable, and investment earnings have been recorded as deferred inflows only on the governmental fund financial statements. Deferred inflows of resources related to pensions and OPEB plans are reported on the government-wide statement of net position. For more pension and OPEB related information, see Notes 9 and 10.

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, except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Capital Assets

The School District's only capital assets are general capital assets. General capital assets are those assets specifically related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal 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.

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:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 - 40 years
Buildings and Improvements	20 - 50 years
Furniture and Equipment	5 - 15 years
Vehicles	3 - 15 years
Books	5 years

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at June 30 by those employees who are eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits 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 entire sick leave benefit and vacation liabilities are reported on the government-wide financial statements. On the governmental fund financial statements, sick leave benefits are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are reported as "matured compensated absences payable" in the fund from which the employees who will receive the payment is paid.

Net Position

Net position represents the difference between asset, liabilities and deferred inflows/outflows of resources. Net investment in capital assets; consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes represents balances in special revenue funds for grants received which are restricted as to their use by grantors.

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

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The government-wide statement of net position reports \$11,842,152 in restricted net position, none of which is restricted by enabling legislation.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories are accounted for using the purchase method on the fund level statements and using the consumption method on the government-wide statements.

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

Prepaid Items

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

Interfund Transactions

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. Interfund transfers are eliminated in the statement of activities.

Fund Balance

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

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

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

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

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

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

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

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 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 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.

Pensions/Other Postemployment Benefits (OPEB)

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

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets in the General Fund include amounts required by state statute to be set aside for budget stabilization. See Note 12 for additional information regarding set-asides and the budget stabilization reserve.

The School District maintains cash and cash equivalents in several accounts to account for proceeds from several capital leases. These monies are restricted for capital improvements to School District facilities and these amounts are reported as "Restricted Cash and Cash Equivalents with Fiscal Agents" on the financial statements.

Interfund Balances

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

Note 2 - Cash, Cash Equivalents and Investments

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. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet and the statement of net position.

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

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

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2021 amounted to \$39,060 credited to the General Fund and \$198 credited to Other Governmental Funds.

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

For purposes of presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

Note 3 – Deposits and Investments

State statutes classify monies held by the School District into three categories.

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim monies held by the District can be deposited or invested in the following securities:

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

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Protection of the 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.

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2021, \$17,000,172 of the School District's bank balance of \$17,250,172 was exposed to custodial credit risk because it was uninsured and collateralized.

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

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

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

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

	<u>Fair Value</u>	<u>Fair Value Hierarchy</u>	<u>Weighted Average Maturity (Years)</u>
Negotiable CD's	\$5,104,874	Level 2	1.60
Money Market Fund	598,301	N/A	0.00
Star Ohio	35,361	N/A	0.15
Total Fair Value	<u>\$5,738,536</u>		
Portfolio Weighted Average Maturity			1.43

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

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the School District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to meet cash flow requirements. The policy stipulates that generally investments should not exceed one year unless matched to specific cash flow requirements. The School District has complied with this requirement.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District's investment policy limits investments to those authorized by State statute. Investments in STAR Ohio were rated AAAM by Standard & Poor's. Money Market Funds and Negotiable CDs were not rated.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District places no limit on the amount it may invest in any one issuer. The School District has invested 0.6% in STAR Ohio, 10.4% in Money Market Funds, and 89% in Negotiable CDs.

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

The School District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 4 – Property Taxes

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

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

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

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

	Amount
Agricultural/Residential and Other Real Estate	\$1,226,797,830
Public Utility Personal	133,052,640
Total Assessed Value	<u>\$1,359,850,470</u>

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

Accrued property taxes receivable includes real, personal property, and public utility taxes which are measurable as of June 30, 2021, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations. The amount available as an advance at June 30, 2021, was \$5,768,128 and is recognized as revenue: \$4,846,702 in the General Fund and \$921,426 in the Bond Retirement Fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis they are recorded as a deferred inflow of resources.

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 5 – Receivables

Receivables at June 30, 2021, consisted of taxes, accounts, interest, and intergovernmental. 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.

Note 6 – Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$1,421,691	\$0	\$0	\$1,421,691
<i>Capital Assets, being depreciated:</i>				
Land Improvements	8,693,301	40,788	0	8,734,089
Buildings and Improvements	103,988,293	185,340	0	104,173,633
Equipment	14,370,438	228,993	195,004	14,404,427
Vehicles	5,023,255	391,152	269,750	5,144,657
Totals at Historical Cost	<u>133,496,978</u>	<u>846,273</u>	<u>464,754</u>	<u>133,878,497</u>
Less Accumulated Depreciation:				
Land Improvements	5,515,322	235,204	0	5,750,526
Buildings and Improvements	46,050,097	2,481,370	0	48,531,467
Equipment	12,268,180	699,313	195,004	12,772,489
Vehicles	2,861,182	199,067	269,750	2,790,499
Total Accumulated Depreciation	<u>66,694,781</u>	<u>3,614,954</u>	<u>464,754</u>	<u>69,844,981</u>
Governmental Activities Capital Assets, Net	<u>\$66,802,197</u>	<u>(\$2,768,681)</u>	<u>\$0</u>	<u>\$64,033,516</u>

Depreciation expenses were charged to governmental functions as follows:

Instruction:	
Regular	\$1,945,594
Special	12,113
Support Services:	
Pupils	26,593
Instructional Staff	180,511
General Administration	1,477
School Administration	29,406
Fiscal	1,766
Business	1,553
Operations & Maintenance	1,021,166
Pupil Transportation	174,047
Central	857
Operation of Non-Instructional Services	72,524
Extracurricular Activities	147,347
Total Depreciation Expense	<u>\$3,614,954</u>

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 7 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees and natural disasters. During the fiscal year 2020, the School District contracted with Liberty Mutual Insurance Company for property insurance with a \$166,901,906 aggregate limit and a \$5,000 deductible and inland marine of \$100,000 limit and a \$500 deductible. Professional liability is protected with a per occurrence limit of \$1,000,000 and a \$2,000,000 aggregate limit under a commercial umbrella policy.

The School District's vehicles are covered by Liberty Mutual Insurance Company and it holds a \$1,000 comprehensive deductible and a \$1,000 deductible for buses and \$500 deductible for other vehicles. Automobile liability has a \$1,000,000 combined single limit of liability. Vehicles are also covered under the commercial umbrella policy.

CAN Surety Insurance Company maintains a \$50,000 public official bond for the Treasurer and Business Manager and a \$10,000 blanket bond for other employees.

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

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

The School District provides medical/surgical insurance through Anthem, dental insurance through Dental Care Plus and vision insurance through Faye Med, commercial insurance companies.

Note 8 – Employee Benefits

Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees 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 and administrators do not earn vacation time, with the exception of the Superintendent, Treasurer, Director of Educational Services, and Director of Support Services. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 300 days for certified employees, classified, exempt, and administration. Upon retirement and after being employed in the District for ten years, payment is made for twenty-five percent of the employee's accumulated sick leave.

Note 9 - Defined Benefit Pension Plans

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

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description

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

Age and service requirements for retirement are as follows:

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

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

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

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

Changes in Benefits between Measurement Date and the Fiscal Year End

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

Funding Policy

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The 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 \$1,123,230 for fiscal year 2021. Of this amount \$131,257 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

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

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

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.

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 \$3,590,520 for fiscal year 2021. Of this amount \$598,420 is reported as accrued wages and benefits.

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

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$14,916,784	\$49,488,690	\$64,405,474
Proportion of the Net Pension Liability:			
Current Measurement Date	0.22552630%	0.20452879%	
Prior Measurement Date	0.22838260%	0.20479750%	
Change in Proportionate Share	-0.00285630%	-0.00026871%	
Pension Expense	\$1,762,001	\$6,633,903	\$8,395,904

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

	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$28,975	\$111,040	\$140,015
Changes of assumptions	0	2,656,587	2,656,587
Net difference between projected and actual earnings on pension plan investments	946,913	2,406,641	3,353,554
Changes in employer proportionate share of net pension liability	74,900	684,629	759,529
Contributions subsequent to the measurement date	1,123,230	3,590,520	4,713,750
Total Deferred Outflows of Resources	<u>\$2,174,018</u>	<u>\$9,449,417</u>	<u>\$11,623,435</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$316,446	\$316,446
Changes in employer proportionate share of net pension liability	103,600	44,097	147,697
Total Deferred Inflows of Resources	<u>\$103,600</u>	<u>\$360,543</u>	<u>\$464,143</u>

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
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\$4,713,750 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2022	\$8,730	\$2,113,689	\$2,122,419
2023	247,299	864,266	1,111,565
2024	394,694	1,438,523	1,833,217
2025	296,465	1,081,876	1,378,341
Total	<u>\$947,188</u>	<u>\$5,498,354</u>	<u>\$6,445,542</u>

Actuarial Assumptions - SERS

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

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

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

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

Inflation	3.00%
Future Salary Increases, including inflation	3.50% - 18.20%
COLA or Ad Hoc COLA	2.50%
Investment Rate of Return	7.50% net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection

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with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement. The most recent experience study was completed for the five year period ended June 30, 2015.

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

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

Discount Rate

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	\$20,434,173	\$14,916,784	\$10,287,590

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

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

Actuarial Assumptions - STRS

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

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Discount Rate of Return	7.45%
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0%, effective July 1, 2017

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

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

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

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	<u>100.00%</u>	

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

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Discount Rate

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
Proportionate share of the net pension liability	\$70,463,278	\$49,488,690	\$31,714,473

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

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

Note 10 - Defined Benefit OPEB Plans

See Note 9 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the

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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 \$159,824.

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 159,824 for fiscal year 2021.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

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

Funding Policy

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

Net OPEB Liabilities (Assets), OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

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	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability	\$4,971,966	\$0	\$4,971,966
Proportionate Share of the Net OPEB (Asset)	0	(3,594,592)	(3,594,592)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.22877210%	0.20452879%	
Prior Measurement Date	0.23321330%	0.20479750%	
Change in Proportionate Share	-0.00444120%	-0.00026871%	
OPEB Expense	(\$40,059)	(\$157,484)	(\$197,543)

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

	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$65,301	\$230,326	\$295,627
Changes of assumptions	847,547	59,337	906,884
Net difference between projected and actual earnings on OPEB plan investments	56,023	125,978	182,001
Changes in employer proportionate share of net OPEB liability	172,808	173,480	346,288
Contributions subsequent to the measurement date	159,824	0	159,824
Total Deferred Outflows of Resources	<u>\$1,301,503</u>	<u>\$589,121</u>	<u>\$1,890,624</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$2,528,592	\$715,993	\$3,244,585
Changes of assumptions	125,232	3,414,261	3,539,493
Changes in employer proportionate share of net OPEB liability	154,322	375	154,697
Total Deferred Inflows of Resources	<u>\$2,808,146</u>	<u>\$4,130,629</u>	<u>\$6,938,775</u>

\$159,824 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year			
Ending June 30:	SERS	STRS	Total
2022	(\$333,428)	(\$871,978)	(\$1,205,406)
2023	(329,374)	(786,707)	(1,116,081)
2024	(330,034)	(756,794)	(1,086,828)
2025	(317,335)	(790,476)	(1,107,811)
2026	(255,993)	(161,792)	(417,785)
Thereafter	(100,303)	(173,761)	(274,064)
Total	<u>(\$1,666,467)</u>	<u>(\$3,541,508)</u>	<u>(\$5,207,975)</u>

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-

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normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

Discount Rate

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

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates

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

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cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
Proportionate share of the net OPEB liability	\$6,085,563	\$4,971,966	\$4,086,659
	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
Proportionate share of the net OPEB liability	\$3,915,045	\$4,971,966	\$6,385,341

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

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

Actuarial Assumptions - STRS

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

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

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

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

Actuarial assumptions used in the June 30, 2020, valuation are based on the results of an actuarial

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experience study for the period July 1, 2011 through June 30, 2016.

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

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

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

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

Discount Rate

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

Sensitivity of the Proportionate Share of the Net OPEB (Asset) to Changes in the Discount and Health Care Cost Trend Rate

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

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	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Proportionate share of the net OPEB (asset)	(\$3,127,527)	(\$3,594,592)	(\$3,990,876)
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$3,966,278)	(\$3,594,592)	(\$3,141,820)

Note 11 - Long Term Obligations

The changes in the School District's long-term obligations during the fiscal year consisted of the following:

	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Governmental Activities:						
<u>Bonds Payable:</u>						
2007 School Improvement Refunding Bonds	2.00-2.75%	\$38,675,000	\$0	\$2,780,000	\$35,895,000	\$3,385,000
Premium		3,162,233	0	243,248	2,918,985	0
2015 Refunding Bonds	.50-3.10%					
Current Interest		6,755,000	0	1,985,000	4,770,000	2,030,000
Premium		429,964	0	122,847	307,117	0
2018 Turf Field		286,980	0	33,400	253,580	34,790
2015 HB264 COP Bonds	2.00-4.00%	3,960,000	0	205,000	3,755,000	215,000
Premium	2.00-4.00%	81,811	0	5,642	76,169	0
Subtotal Bonds		53,350,988	0	5,375,137	47,975,851	5,664,790
Capital Leases						
2002 OASBO Pool Lease		4,330,000	0	276,000	4,054,000	299,000
2004 OASBO Pool Lease Athletic Fields		829,000	0	186,000	643,000	200,000
2004 OASB Pool Lease Chillers		66,000	0	66,000	0	0
2004 OASBO Pool Lease Buses		642,000	0	32,000	610,000	34,000
2002 OASBO Pool Lease Buses		646,000	0	39,000	607,000	42,000
2004 OASBO Pool Lease MVH		2,432,000	0	158,000	2,274,000	170,000
2016 CC Modular Lease		180,558	0	50,888	129,670	52,818
2018 Bus Lease		467,809	0	109,837	357,972	114,450
2018 Musco Lighting Project		113,143	0	36,237	76,906	37,695
2018 Modular Lease		539,346	0	80,950	458,396	84,332
Compensated Absences		1,489,010	483,672	221,783	1,750,899	357,991
Subtotal Bonds and Other Amounts		65,085,854	483,672	6,631,832	58,937,694	7,057,076
<u>Net Pension Liability:</u>						
STRS		45,289,736	4,198,954	0	49,488,690	0
SERS		13,664,531	1,252,253	0	14,916,784	0
Total Net Pension Liability		58,954,267	5,451,207	0	64,405,474	0
<u>Net OPEB Liability:</u>						
STRS		0	0	0	0	0
SERS		5,864,824	0	892,858	4,971,966	0
Total Net OPEB Liability		5,864,824	0	892,858	4,971,966	0
Total Long-Term Obligations		\$129,904,945	\$5,934,879	\$7,524,690	\$128,315,134	\$7,057,076

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Springboro School Improvement General Obligation Bonds – In March 2007, Springboro Community City School District issued \$46,020,000 in General Obligation Refunding Bonds to partially refund part of the School District’s outstanding debt. The bonds will be retired from the Bond Retirement Fund. Of the \$46,020,000, \$32,665,000 are serial bonds with interest rates ranging from 4.0-5.25% and will mature in 2030. \$2,415,000, \$5,000,000, and \$5,940,000 are term bonds with interest rates of 5.25%. The maturity of these term bonds are 2024, 2031, and 2033 respectively. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price. This difference, due to the implementation of GASB’s Statement No. 63 and Statement No. 65 was recorded as a deferred outflow of resources on the Statement of Net Position. This deferred outflow was fully amortized during fiscal year 2014.

Springboro School Turf Financing Bonds – In June 2018, Springboro Community City School District issued \$371,000 in General Obligation Refunding Bonds to replace the turf of the athletic field. The bond has an interest rate of 4.110% and a maturity date of 1/1/28. Interest is paid semi-annually.

Compensated absences and payments for the Employee Severance Plan will be paid from the fund from which the person is paid, with the General Fund being the most significant. Capital lease obligations are being paid from the General Fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefiting from their service.

In prior years, the School District defeased School Improvement General Obligation Bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District’s financial statements.

Principal and interest requirements to retire the School Improvement Bonds, OASBO Loans, and School Bus Acquisition Bonds outstanding at June 30, 2021, are as follows:

Fiscal Year Ending June 30	General Obligation Bonds		
	Principal	Interest	Total
2022	\$5,664,090	\$2,045,726	\$7,709,816
2023	2,875,500	1,877,123	4,752,623
2024	2,796,970	1,765,639	4,562,609
2025	3,719,622	1,607,132	5,326,754
2026	4,251,222	1,402,246	5,653,468
2027-2031	18,151,176	3,772,502	21,923,678
2032-2035	7,215,000	407,165	7,622,165
Total	<u>\$44,673,580</u>	<u>\$12,877,533</u>	<u>\$57,551,113</u>

Note 12 – Set-Aside Calculations And Fund Reserves

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 or construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in restricted cash at year-end and carried forward to be used for the same purposes in future years. As of fiscal year ended June 30, 2003, the School District was no longer required to set aside funds in the budget reserve set-aside, with the exception of monies received from the Bureau of Workers’ Compensation, which must be retained for budget stabilization or spent for specified purposes.

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The following information describes the change in the year-end set-aside amounts for capital acquisition and budget stabilization reserve. Disclosure of this information is required by State statute.

	Capital Maintenance Reserve
Set Aside Reserve Balance as of July 1, 2020	\$0
Current Year Set Aside Requirements	1,070,451
Qualifying Expenditures	(1,487,960)
Total	<u>(\$417,509)</u>
Set Aside Reserve Cash Balance as of June 30, 2021	\$0

The School District had offsets and qualifying disbursements during the year that reduced the set-aside amount below zero in the Capital Maintenance Reserve. The carryover amount in the Capital Maintenance Reserve is limited to the balance of the offsets attributed to bond or tax levy proceeds. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$54,101,629 at June 30, 2021.

Note 13 – Capitalized Leases – Lessee Disclosure

During the current year, the School District entered into capitalized leases for the purchase of buses, modular classroom and a lighting system. During previous years, the School District entered into capitalized leases for the purchase of buses, modular classrooms, computers, copiers and to construct a new central office. The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, *Accounting for Leases*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service in the financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

Springboro Refunding/Land Lease-Purchase Agreement – In October 2003 Springboro Community City School District entered into a lease-purchase agreement in the amount of \$1,064,000 to purchase land for the School District and to refinance part of the 2001 school bus purchase loan. The agreement is for 28 years with a final maturity in 2032. The debt is being paid from the General Fund.

Springboro Refunding/Lease-Purchase Agreement – In June 2004 Springboro Community City School District entered into a lease-purchase agreement in the amount of \$988,000 to refinance a capital lease and part of the school bus purchase loan. The agreement is for 28 years with a final maturity in 2034. The debt is being paid from the General Fund.

Healthcare Complex Lease – During fiscal year 2008 the Springboro Community City School District entered into a lease-purchase agreement in the amount of \$6,139,000 for the acquisition, construction, equipping and renovation for School District Facilities including a multi-use building containing locker room, weight room and medical services facilities. The agreement is for 24 years with a final maturity in 2030. The debt is being paid from the General Fund. The School District has entered into a sub-lease agreement during fiscal year 2008 with Miami Valley Hospital, whereby the School District is sub-leasing approximately 25,500 rentable square feet of the facility they have constructed. The terms of the

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

agreement are for a multi-year period with payments beginning on November 15, 2008 and concluding on November 15, 2030. The total payments to be received over the life of the sub-lease agreement are \$16,954,809. These sub-lease payments are pledged to pay off the capital lease that the School District entered into during fiscal year 2008 to construct the facilities.

Stadium/Sign Lease –During fiscal year 2008 Springboro Community City School District entered into a lease-purchase agreement in the amount of \$5,624,000 for the purpose of constructing a football/track stadium and the signage for this facility. The agreement is for 24 years with a final maturity in 2030. The debt is being paid from the General Fund. The School District has entered into a naming rights agreement during fiscal year 2008 with Miami Valley Hospital, whereby the School District is providing certain sponsorship and marketing rights to Miami Valley Hospital related to the rebuilt and upgraded high school football and track facility. The terms of the agreement are for a multi-year period with payments beginning on November 15, 2008 and concluding on November 15, 2023. The total payments to be received over the life of the agreement are \$3,177,581. These payments are pledged to pay off the capital lease that the School District entered into during fiscal year 2008 to construct the facilities.

Modular Building Lease – During fiscal year 2015 the School District entered into a lease agreement for the purchase of a modular building. The lease is in the amount of \$398,102 and has a 3.73% interest rate. The lease is paid monthly with the final payment due in September 2023.

School Bus Lease – During 2017 Springboro Community City School District entered into a lease agreement in the amount of \$890,617 to purchase school buses. The agreement is paid yearly, with a final maturity in 2020. The debt is being paid from the General Fund.

School Bus Lease – During 2018, Springboro Community School District entered into a lease purchase agreement in the amount of \$702,704 for school buses. The agreement is for 6 years and has a final maturity in 2023. Debt is being paid from the General Fund.

Lighting Lease – During 2018, Springboro Community School District entered into a lease purchase agreement in the amount of \$181,468 for lighting. The agreement is for 5 years and has a final maturity in 2022. Debt is being paid from the General Fund.

Modular Building Lease – During 2018, Springboro Community School District entered into a lease purchase agreement in the amount of \$689,281 for modular buildings. The agreement is for 9 years and has a final maturity in 2026. Debt is being paid from the General Fund.

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

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Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Fiscal Year Ending June 30	Capital Leases
2022	\$1,479,856
2023	1,495,243
2024	1,434,579
2025	1,030,247
2026	1,047,426
2027-2031	4,833,563
2032-2034	265,342
Total Minimum Lease Payments	\$11,586,256
Less: Administrative Fees and Interest	(2,375,310)
Present Value of Minimum Lease Payments	\$9,210,946

Note 14 - Jointly Governed Organizations

Southwestern Ohio Computer Association- The School District is a participant in the Southwestern Ohio Computer Association (SWOCA) which is a computer consortium. SWOCA is an association of public school districts within the boundaries of Warren, Butler, and Preble Counties and Loveland City Schools. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of SWOCA consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. Financial information can be obtained from the Executive Director, at 3607 Hamilton-Middletown Road, Hamilton, Ohio 45011.

Warren County Career Center- The Warren County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from the participating school district's elected board, which possesses its own budgeting and taxing authority. Accordingly, the Warren County Career Center is not part of the School District and its operations are not included as part of the reporting entity. The School District gave no financial contributions during the fiscal year. Financial information can be obtained from the Treasurer, at 3525 SR48 North, Lebanon, Ohio 45036.

Southwestern Ohio Educational Purchasing Council - The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC). The Montgomery County Educational Service Center acts as the fiscal agent for the group. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts by the Fiscal Agent. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 15 – 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 year end, if applicable, cannot be determined at this time.

Litigation

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

Note 16 – Fund Balances

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

Fund Balances	General	Bond Retirement	Nonmajor Governmental Funds	Total
Restricted for:				
Special	\$0	\$0	\$613,683	\$613,683
District-Wide Student Activity Support	0	0	166,674	166,674
ESSER	0	0	24,631	24,631
Title VI-R	0	0	5,152	5,152
Food Service	0	0	894,568	894,568
Title VI-B	0	0	119,618	119,618
District Managed Student Activity	0	0	485,221	485,221
Building	0	0	28,816	28,816
Debt Services Payments	0	9,227,804	0	9,227,804
Total Restricted	0	9,227,804	2,338,363	11,566,167
Assigned to:				
Encumbrances	38,855	0	0	38,855
Budgetary Resource	5,403	0	0	5,403
Public Schools	316,196	0	0	316,196
Total Assigned	360,454	0	0	360,454
Unassigned (Deficit)	10,445,161	0	0	10,445,161
Total Fund Balance	\$10,805,615	\$9,227,804	\$2,338,363	\$22,371,782

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 17 –Tax Abatements Entered Into By Other Governments

Other governments entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area (“CRA”) program with the taxing districts of the District. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the District, the City of Springboro has entered into such an agreement. Under this agreement the District’s property taxes were reduced by approximately \$8,901. The District is receiving \$3,830 from this other government in association with the forgone property tax revenue.

Note 18 – COVID-19

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

Note 19 – Implementation of New Accounting Principles and Restatement of Net Position

New Accounting Principles

For fiscal year 2021, the School District implemented GASB Statement No. 84, Fiduciary Activities and related guidance from (GASB) Implementation Guide No. 2019-2, Fiduciary Activities and GASB Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and GASB Statements No. 61.

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District will no longer be reporting agency funds. The School District reviewed its agency funds and certain funds will be reported in the new fiduciary fund classification of custodial funds, while other funds have been reclassified as governmental funds. If applicable, fund reclassifications resulted in the restatement of the School District’s financial statements.

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

Springboro Community City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Restatement of Fund Balance/Net Position

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

	Other Governmental Funds
	<hr/>
Fund Balance, June 30, 2020	\$1,361,395
Adjustments-Presentation Changes:	
GASB Statement No. 84	<u>314,377</u>
Restated Fund Balance, June 30, 2020	<u><u>\$1,675,772</u></u>

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

	Governmental Activities
	<hr/>
Net Position, June 30, 2020	(\$36,939,376)
Adjustments-Presentation Changes:	
GASB Statement No. 84	<u>314,377</u>
Restated Net Position, June 30, 2020	<u><u>(\$36,624,999)</u></u>

Note 20 – 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 and scholarship funding will be directly funded by the State of Ohio to the respective schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the respective school.

REQUIRED SUPPLEMENTARY INFORMATION

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

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.22552630%	\$14,916,785	7,906,457	188.67%	68.55%
2020	0.22838260%	13,664,531	7,834,815	174.41%	70.85%
2019	0.22138910%	12,679,364	7,425,178	170.76%	71.36%
2018	0.22415780%	13,392,933	7,215,093	185.62%	69.50%
2017	0.22555390%	16,508,464	7,004,864	235.67%	62.98%
2016	0.21653480%	12,355,686	7,754,112	159.34%	69.16%
2015	0.21232800%	10,745,799	6,232,150	172.43%	71.70%
2014	0.21232800%	10,902,697	5,463,557	199.55%	65.52%

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

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

See accompanying notes to the required supplementary information.

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

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	1,123,230	(1,123,230)	0	8,023,071	14.00%
2020	1,106,904	(1,106,904)	0	7,906,457	14.00%
2019	1,057,700	(1,057,700)	0	7,834,815	13.50%
2018	1,002,399	(1,002,399)	0	7,425,178	13.50%
2017	1,010,113	(1,010,113)	0	7,215,093	14.00%
2016	980,681	(980,681)	0	7,004,864	14.00%
2015	1,021,992	(1,021,992)	0	7,754,112	13.18%
2014	863,776	(863,776)	0	6,232,150	13.86%
2013	1,150,824	(1,150,824)	0	5,463,557	13.84%
2012	1,099,680	(1,099,680)	0	5,445,008	13.45%

See accompanying notes to the required supplementary information.

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

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.20452879%	\$49,488,690	\$24,706,543	200.31%	75.48%
2020	0.20479750%	45,289,736	24,749,143	183.00%	77.40%
2019	0.20247451%	44,519,598	23,327,314	190.85%	77.30%
2018	0.20222854%	48,039,824	21,973,457	218.63%	75.30%
2017	0.19540120%	65,406,672	21,046,371	310.77%	66.80%
2016	0.19518831%	53,944,340	19,667,400	274.28%	72.10%
2015	0.18943521%	46,077,199	20,843,892	221.06%	74.70%
2014	0.18943521%	54,739,045	19,589,763	279.43%	69.30%

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

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

See accompanying notes to the required supplementary information.

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

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$3,590,520	(3,590,520)	\$0	25,646,571	14.00%
2020	3,458,916	(3,458,916)	0	24,706,543	14.00%
2019	3,464,880	(3,464,880)	0	24,749,143	14.00%
2018	3,265,824	(3,265,824)	0	23,327,314	14.00%
2017	3,076,284	(3,076,284)	0	21,973,457	14.00%
2016	2,946,492	(2,946,492)	0	21,046,371	14.00%
2015	2,753,436	(2,753,436)	0	19,667,400	14.00%
2014	2,709,706	(2,709,706)	0	20,843,892	13.00%
2013	2,752,692	(2,752,692)	0	19,589,763	13.00%
2012	2,594,376	(2,594,376)	0	20,221,629	13.00%

See accompanying notes to the required supplementary information.

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

Year	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2021	0.22877210%	\$4,971,966	7,906,457	62.88%	18.17%
2020	0.23321330%	5,864,824	7,834,815	74.86%	15.57%
2019	0.22483230%	6,237,455	7,425,178	84.00%	13.57%
2018	0.22753030%	6,106,315	7,215,093	84.63%	12.46%
2017	0.22820740%	6,504,755	7,004,864	92.86%	11.49%

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

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

See accompanying notes to the required supplementary information.

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

Year	District's Contractually Required Contribution (2)	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$159,824	(\$159,824)	\$0	\$8,023,071	1.99%
2020	122,108	(122,108)	0	7,906,457	1.54%
2019	177,612	(177,612)	0	7,834,815	2.27%
2018	159,625	(159,625)	0	7,425,178	2.15%
2017	198,537	(198,537)	0	7,215,093	2.75%
2016	13,897	(13,897)	0	7,004,864	0.20%

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

(2) Includes surcharge.

See accompanying notes to the required supplementary information.

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

Year	District's Proportion of the Net OPEB (Asset)/Liability	District's Proportionate Share of the Net OPEB (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability
2021	0.20452879%	(\$3,594,592)	\$23,504,657	15.29%	182.13%
2020	0.20479750%	(3,391,937)	24,749,143	13.71%	174.74%
2019	0.20247451%	(3,253,558)	23,327,314	13.95%	176.00%
2018	0.20222854%	7,890,212	21,973,457	35.91%	47.10%
2017	0.19540120%	10,450,107	21,046,371	49.65%	37.30%

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

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

See accompanying notes to the required supplementary information.

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

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$0	\$0	\$0	\$25,646,571	0.00%
2020	0	0	0	24,706,543	0.00%
2019	0	0	0	24,749,143	0.00%
2018	0	0	0	23,327,314	0.00%
2017	0	0	0	21,973,457	0.00%
2016	0	0	0	21,046,371	0.00%

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

See accompanying notes to the required supplementary information.

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

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$34,013,876	\$34,907,539	\$35,320,973	\$413,434
Tuition and Fees	765,669	785,785	795,092	9,307
Investment Earnings	85,200	87,438	88,474	1,036
Intergovernmental	19,904,512	20,427,473	20,669,410	241,937
Extracurricular Activities	283,953	291,414	294,865	3,451
Other Revenues	612,383	628,473	635,916	7,443
Total Revenues	55,665,593	57,128,122	57,804,730	676,608
Expenditures:				
Current:				
Instruction:				
Regular	25,357,877	25,404,209	24,757,309	646,900
Special	9,060,385	9,076,940	8,845,802	231,138
Other	1,229,410	1,231,656	1,200,293	31,363
Support Services:				
Pupil	4,019,755	4,027,099	3,924,552	102,547
Instructional Staff	2,205,021	2,209,050	2,152,798	56,252
General Administration	165,110	165,412	161,200	4,212
School Administration	3,092,571	3,098,222	3,019,328	78,894
Fiscal	1,353,493	1,355,966	1,321,437	34,529
Business	294,414	294,952	287,441	7,511
Operations and Maintenance	4,203,669	4,211,350	4,104,111	107,239
Pupil Transportation	4,035,682	4,043,055	3,940,102	102,953
Central	503,477	504,397	491,553	12,844
Operation of Non-Instructional Services	1,397	1,400	1,364	36
Extracurricular Activities	757,186	758,569	739,253	19,316
Capital Outlay	880,472	882,081	859,619	22,462
Debt Service:				
Principal Retirement	350,296	350,936	342,000	8,936
Interest and Fiscal Charges	216,894	217,290	211,757	5,533
Total Expenditures	57,727,109	57,832,584	56,359,919	1,472,665
Excess of Revenues Over (Under) Expenditures	(2,061,516)	(704,462)	1,444,811	2,149,273
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	864	887	897	10
Advances (Out)	(64,498)	(64,615)	(62,970)	1,645
Transfers (Out)	(61,455)	(61,568)	(60,000)	1,568
Total Other Financing Sources (Uses)	(125,089)	(125,296)	(122,073)	3,223
Net Change in Fund Balance	(2,186,605)	(829,758)	1,322,738	2,152,496
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	10,601,826	10,601,826	10,601,826	0
Fund Balance - End of Year	\$8,415,221	\$9,772,068	\$11,924,564	\$2,152,496

See accompanying notes to the required supplementary information.

Springboro Community City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

Note 1 – Budgetary Process

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

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

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

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis) presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as an assignment of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis to the budgetary basis for the General Fund.

Springboro Community City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$4,377,570
Revenue Accruals	(4,555,736)
Expenditure Accruals	1,609,982
Advances Out	(62,970)
Encumbrances	(46,108)
Budget Basis	<u><u>\$1,322,738</u></u>

Note 2 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

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

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

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

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

Changes in Assumptions:

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

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

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

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

Springboro Community City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

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

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

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

Changes in Assumptions:

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

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

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

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

Note 3 - Net OPEB (Asset)/Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

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

Changes in Assumptions:

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

- (1) Discount Rate:

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

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

Prior Measurement Date	3.22%
Measurement Date	2.63%

Springboro Community City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

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

- (4) Discount Rate:

Prior Measurement Date	3.70%
Measurement Date	3.22%
- (5) Municipal Bond Index Rate:

Prior Measurement Date	3.62%
Measurement Date	3.13%
- (6) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.70%
Measurement Date	3.22%

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

- (7) Discount Rate:

Prior Measurement Date	3.63%
Measurement Date	3.70%
- (8) Municipal Bond Index Rate:

Prior Measurement Date	3.56%
Measurement Date	3.62%
- (9) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.63%
Measurement Date	3.70%

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

- (1) Discount Rate:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%
- (2) Municipal Bond Index Rate:

Fiscal Year 2018	3.56%
Fiscal Year 2017	2.92%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

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

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

Springboro Community City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

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

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

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

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

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

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

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

Changes in Assumptions:

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

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

Springboro Community City School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

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

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

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

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**SPRINGBORO COMMUNITY CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Assistance Listing Number	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Passed Through Ohio Department of Education:				
Child Nutrition Cluster:				
National School Lunch Program	3L60	10.555	\$1,044,783	\$85,144
COVID 19 School Lunch Program	3L60	10.555	75,209	0
Total School Lunch Program			1,119,992	85,144
Total Child Nutrition Cluster			1,119,992	85,144
Total U.S. Department of Agriculture			1,119,992	85,144
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Passed Through Butler County Educational Service Center:				
English Language Acquisition State Grants	N/A	84.365	3,435	0
Passed Through Ohio Department of Education:				
Special Education Cluster:				
Special Education-Grants to States	3M20	84.027	1,107,354	0
Special Education-6B IDEA Restoration	3M20	84.027A	120,089	0
Special Education-Preschool Grants	3C50	84.173	31,867	0
Special Education-Preschool Restoration	3C50	84.173A	8,172	0
Total Special Education Cluster			1,267,482	0
Title I Grants to Local Educational Agencies	3M00	84.010	134,756	0
Supporting Effective Instruction State Grants	3Y60	84.367	85,672	0
Student Support and Academic Enrichment Program	3H10	84.424	389	0
COVID-19 Elementary and Secondary School Emergency Relief Fund	3HS0	84.425D	269,502	0
Total U.S. Department of Education			1,761,236	0
<u>U.S. DEPARTMENT OF THE TREASURY</u>				
Passed Through Warren County Commissioners				
COVID-19 Coronavirus Relief Fund	N/A	21.019	350,576	0
Passed Through Clearcreek Township				
COVID-19 Coronavirus Relief Fund	N/A	21.019	100,000	0
Passed Through City of Springboro				
COVID-19 Coronavirus Relief Fund	N/A	21.019	100,000	0
Passed Through Ohio Department of Education				
COVID-19 Coronavirus Relief Fund	5CV1	21.019	296,808	0
Total COVID-19 Coronavirus Relief Fund			847,384	0
Total U.S. Department of the Treasury			847,384	0
<u>THE INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u>				
Passed Through the State Library Board				
COVID-19 Grants to States - Library Services and Technology Act Grant	N/A	45.310	3,000	0
Total Institute of Museum and Library Services			3,000	0
Total Expenditures of Federal Awards			\$3,731,612	\$85,144

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared using the cash basis of accounting. The information in this schedule is presented 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). The District did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

Board of Education
Springboro Community City School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Springboro Community City School District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 16, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Cincinnati, Ohio

November 16, 2021

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

Board of Education
Springboro Community City School District

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Plattensburg & Associates, Inc.

Plattensburg & Associates, Inc.
Cincinnati, Ohio
November 16, 2021

**SPRINGBORO COMMUNITY CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditor’s Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

No

Federal Awards

Internal control over major federal programs:

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

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

No

Identification of major federal programs:

Child Nutrition Cluster
Coronavirus Relief Fund 21.019
Elementary and Secondary School Emergency Relief Fund 84.425D

Dollar threshold used to distinguish between Type A and Type B Programs

\$750,000

Auditee qualified as low-risk auditee?

Yes

Section II – Findings Related to the Financial Statements Required to be reported in Accordance with GAGAS
None

Section III – Federal Award Findings and Questioned Costs
None

**SPRINGBORO COMMUNITY CITY SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Summary of Prior Audit Findings:

None Noted.

OHIO AUDITOR OF STATE KEITH FABER



**SPRINGBORO COMMUNITY CITY SCHOOL DISTRICT
WARREN 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 3/29/2022

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