



OHIO AUDITOR OF STATE
KEITH FABER



**EAST CLINTON LOCAL SCHOOL DISTRICT
CLINTON COUNTY
JUNE 30, 2022**

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**EAST CLINTON LOCAL SCHOOL DISTRICT
CLINTON COUNTY
JUNE 30, 2022**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

East Clinton Local School District
Clinton County
97 Astro Way
Sabina, Ohio 45169

To the Governing Body:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Clinton Local School District, Clinton County, Ohio (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 East Clinton Local School District, Clinton County, Ohio as of June 30, 2022, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund and Elementary and Secondary School Emergency Relief Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

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

Responsibilities of Management for the Financial Statements

Efficient • Effective • Transparent

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2023, 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 solely 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
March 16, 2023

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East Clinton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

As management of the East Clinton Local School District, we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the additional information that we have provided in the Notes to the Basic Financial Statements to enhance their understanding of the School District's performance.

This discussion and analysis of East Clinton Local School District's financial performance is intended to serve as an introduction to the School District's basic financial statements, and provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022.

Financial Highlights

- Ohio School Facilities Commission construction project remains in progress for the School District.
- The most significant changes from the prior fiscal year are due to the State-wide pension systems' changes in assumptions and benefit terms.

Using the Basic Financial Statements

This report consists of a series of financial statements and the Notes to the Basic Financial Statements. These statements are organized so the reader can understand East Clinton Local School District as a whole, an entire operating entity.

The *Statement of Net Position* and the *Statement of Activities* provide information about the activities of the School District as a whole and present 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 major funds, with all other nonmajor funds presented in total in one column. The major funds for the East Clinton Local School District are the General, Elementary and Secondary School Emergency Relief, Bond Retirement, Permanent Improvement, Building, and Classroom Facilities Construction Funds.

Reporting the School District as a Whole

One of the most important questions asked about the School District is "How did we do financially during 2022?" The *Statement of Net Position* and the *Statements of Activities*, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These government-wide financial statements include all *assets*, *deferred outflows of resources*, *liabilities*, and *deferred inflows of resources* using the *accrual basis of accounting*, which is 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.

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Unaudited

These two statements report the School District's net position and changes in net position. The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the School District's property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs, and other factors.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 11. Fund financial statements 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 major 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 fiscal year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can 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 determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the Governmental Fund Balance Sheet, and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position at June 30, 2022 and June 30, 2021:

East Clinton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Table 1
Net Position
Governmental Activities

Assets:	2022	Restated 2021	Change
Current and Other Assets	\$41,685,624	\$46,147,775	(\$4,462,151)
Net OPEB Asset	1,108,684	917,926	190,758
Capital Assets, Net	21,308,064	11,361,761	9,946,303
Total Assets	<u>64,102,372</u>	<u>58,427,462</u>	<u>5,674,910</u>
Deferred Outflows of Resources:			
Pension	3,532,443	2,980,162	552,281
OPEB	500,085	620,053	(119,968)
Total Deferred Outflows	<u>4,032,528</u>	<u>3,600,215</u>	<u>432,313</u>
Liabilities:			
Other Liabilities	5,034,771	1,836,587	3,198,184
Long-Term Liabilities			
Net Pension Liability	9,218,509	17,138,252	(7,919,743)
Net OPEB Liability	1,326,027	1,535,816	(209,789)
Other Amounts	16,959,070	17,399,624	(440,554)
Total Liabilities	<u>32,538,377</u>	<u>37,910,279</u>	<u>(5,371,902)</u>
Deferred Inflows of Resources:			
Property Taxes	4,755,158	4,315,902	439,256
Pension	7,312,470	312,599	6,999,871
OPEB	2,130,361	1,959,684	170,677
Total Deferred Inflows	<u>14,197,989</u>	<u>6,588,185</u>	<u>7,609,804</u>
Net Position:			
Net Investment in Capital Assets	13,522,341	10,752,029	2,770,312
Restricted	15,633,148	16,186,820	(553,672)
Unrestricted (Deficit)	(7,756,955)	(9,409,636)	1,652,681
Total Net Position	<u>\$21,398,534</u>	<u>\$17,529,213</u>	<u>\$3,869,321</u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2022, and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The School District has also adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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Unaudited

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

East Clinton Local School District
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nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Total Assets increased \$5,674,910. Capital Assets increased from the progress on the Ohio School Facilities Commission project. Current and Other Assets had a decrease mainly due to the School District spending down the grant through the Ohio School Facilities Commission.

Total liabilities decreased due to \$5,371,902 mainly due to the change in Net Pension Liability. Net Pension Liability decreased due to the State-wide pension systems' changes in assumptions offset by changes in net investment income. Deferred inflows of resources increased mainly due to the difference between projected and actual earnings on pension plan investments.

Total Net Position increased \$3,869,321 from the prior year. Net Investment of Capital Assets increased mainly from due to an increase in Construction in Progress. Unrestricted Net Position increased mainly due to the decrease in the Net Pension Liability.

Table 2, on the following page, shows the highlights of the School District's revenues and expenses. These two main components are subtracted to yield the change in net position. This table uses the full accrual method of accounting.

Revenue is further divided into two major components: Program Revenues and General Revenues. Program Revenues are defined as charges for services and sales, operating grants, contributions and interest, and capital grants and contributions. General Revenues include taxes, unrestricted grants, such as State foundation support, unrestricted investment earnings and miscellaneous revenue.

East Clinton Local School District
Management's Discussion and Analysis
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Table 2
Change in Net Position
Governmental Activities

Revenues:	2022	Restated 2021	Change
Program Revenues:			
Charges for Services and Sales	\$509,945	\$1,199,610	(\$689,665)
Operating Grants, Contributions and Interest	6,113,324	3,231,364	2,881,960
Capital Grants and Contributions	56,386	79,235	(22,849)
Total Program Revenues	6,679,655	4,510,209	2,169,446
General Revenues:			
Property Taxes	4,751,829	4,941,427	(189,598)
Grants and Entitlements not Restricted to Specific Programs	8,850,020	8,522,333	327,687
Investment Earnings	(6,819)	23,744	(30,563)
Miscellaneous	81,787	286,265	(204,478)
Total General Revenues	13,676,817	13,773,769	(96,952)
Total Revenues	20,356,472	18,283,978	2,072,494
Program Expenses:			
Instruction:			
Regular	6,136,051	8,200,893	(2,064,842)
Special	2,871,853	3,462,358	(590,505)
Vocational	2,640	7,208	(4,568)
Student Intervention Services	2,060	3,358	(1,298)
Support Services:			
Pupils	1,064,087	1,009,830	54,257
Instructional Staff	759,140	685,530	73,610
Board of Education	88,631	60,387	28,244
Administration	1,152,282	1,256,101	(103,819)
Fiscal	416,822	414,987	1,835
Business	96,561	105,647	(9,086)
Operation and Maintenance of Plant	1,326,584	1,376,412	(49,828)
Pupil Transportation	965,092	1,053,080	(87,988)
Central	1,254	2,513	(1,259)
Operation of Non-Instructional Services	687,021	593,814	93,207
Extracurricular Activities	473,081	451,076	22,005
Interest and Fiscal Charges	443,992	459,458	(15,466)
Total Expenses	16,487,151	19,142,652	(2,655,501)
Change in Net Position	3,869,321	(858,674)	4,727,995
Net Position at Beginning of Year	17,529,213	18,387,887	(858,674)
Net Position at End of Year	\$21,398,534	\$17,529,213	\$3,869,321

East Clinton Local School District
Management's Discussion and Analysis
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Governmental Activities

Overall, revenues increased \$2,072,494 mainly due to an increase in operating grants related to the School District receiving more Elementary and Secondary School Emergency Relief funding in the fiscal year compared to the prior fiscal year.

Overall, expenses decreased by \$2,655,501 in fiscal year 2022 compared to fiscal year 2021, mainly due to the decrease in the Net Pension Liability.

The School District's Funds

Information about the School District's major funds starts on page 18. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$24,419,219 and expenditures of \$28,457,372.

The net change in the General Fund balance for the fiscal year was a decrease of \$602,109. This decrease was mainly due to an increase in instructional salary expenses in the fiscal year whereas part of the expenses in the prior fiscal year were in the Elementary and Secondary School Emergency Relief Fund.

The Elementary and Secondary School Emergency Relief Fund balance increased \$2,669,286. This was due to reimbursable expenditures made by the grant and the timing of when grant monies will be received.

The Bond Retirement Fund balance increased \$126,664, which is insignificant.

The Permanent Improvement Fund balance increased \$127,593, which is insignificant.

The Building Fund balance decreased \$2,704,165. This decrease is mainly due to Ohio School Facilities Commission construction project.

The Classroom Facilities Construction Fund balance decreased \$3,648,999. This decrease is mainly due to the Ohio School Facilities Commission construction project.

General Fund - Budget 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. During the course of fiscal year 2022, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures.

The School District's ending unobligated cash balance was \$7,448,631.

For the General Fund, actual revenue was \$13,636,969, with final budget estimate of \$13,639,471, a difference of \$2,502. Original budgeted amounts were \$14,467,779, a difference of \$828,308

East Clinton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
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from final budget estimates. Tuition and fees decreased from original to final due to a reduction in open enrollment during the fiscal year.

Actual expenditures were \$13,972,992 with final budget amounts matching. Original estimated expenditures of \$15,005,001 varied from final budget basis expenditures by \$1,032,009. Final estimated expenditures decreased from original estimated expenditures mainly due to the change in open enrollment due to the change in the State funding formula.

Capital Assets and Debt Administration

Capital Assets

The East Clinton Local School District's investment in capital assets, net of depreciation as of June 30, 2022 was \$21,308,064. This investment in capital assets includes land, construction in progress, buildings and improvements, furniture, fixtures and equipment, and vehicles.

Net capital assets increased \$9,946,303 due to the current year additions to construction in progress.

For more information on capital assets, refer to Note 9 of the Basic Financial Statements.

Debt

At June 30, 2022, the School District had \$16,418,213 in outstanding long-term debt, which includes \$1,128,213 in bond premiums.

The School District's voted legal debt margin was \$2,214,853 with an energy conservation debt margin of \$1,471,251 and an unvoted debt margin of \$177,917 at June 30, 2022.

For more information on long-term debt, refer to Note 14 of the Basic Financial Statements.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information contact John Stanley, Treasurer, at East Clinton Local School District, 97 Astro Way, Sabina, OH 45169.

East Clinton Local School District

Statement of Net Position

June 30, 2022

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$17,639,021
Investments	11,379,101
Accrued Interest Receivable	2,391
Accounts Receivable	30
Prepaid Items	10,248
Materials and Supplies Inventory	5,929
Inventory Held for Resale	7,924
Intergovernmental Receivable	7,189,801
Property Taxes Receivable	5,451,179
Net OPEB Asset	1,108,684
Capital Assets:	
Land	452,753
Construction in Progress	12,219,542
Depreciable Capital Assets, Net	<u>8,635,769</u>
<i>Total Assets</i>	<u>64,102,372</u>
Deferred Outflows of Resources	
Pension	3,532,443
OPEB	<u>500,085</u>
<i>Total Deferred Outflows of Resources</i>	<u>4,032,528</u>
Liabilities	
Accounts Payable	7,387
Accrued Wages and Benefits Payable	1,601,530
Contracts Payable	2,823,452
Intergovernmental Payable	270,104
Retainage Payable	267,681
Matured Compensated Absences Payable	24,286
Accrued Interest Payable	40,331
Long-Term Liabilities:	
Due Within One Year	467,428
Due in More Than One Year:	
Net Pension Liability	9,218,509
Net OPEB Liability	1,326,027
Other Amounts	<u>16,491,642</u>
<i>Total Liabilities</i>	<u>32,538,377</u>
Deferred Inflows of Resources	
Property Taxes	4,755,158
Pension	7,312,470
OPEB	<u>2,130,361</u>
<i>Total Deferred Inflows of Resources</i>	<u>\$14,197,989</u>
	(continued)

East Clinton Local School District

Statement of Net Position

June 30, 2022

(Continued)

	<u>Governmental Activities</u>
Net Position	
Net Investment in Capital Assets	\$13,522,341
Restricted for:	
Capital Improvements	13,010,413
Debt Service	237,727
Classroom Facilities	560,222
Food Service Operations	921,557
District Managed Activities	6,269
Fine Arts Activities	36,376
Federal and State Grants	7,228
Student Managed Activities	41,270
Disadvantage Students & Outdoor Learning Area	300,000
Endowments:	
Expendable Library Materials and Services	33,338
Expendable Scholarships	12,751
Nonexpendable Library Materials and Services	300,000
Nonexpendable Scholarships	165,997
Unrestricted (Deficit)	<u>(7,756,955)</u>
<i>Total Net Position</i>	<u><u>\$21,398,534</u></u>

See Accompanying Notes to the Basic Financial Statements

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East Clinton Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2022

	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants, Contributions and Interest
Governmental Activities			
Instruction:			
Regular	\$6,136,051	\$247,600	\$1,489,919
Special	2,871,853	0	839,740
Vocational	2,640	0	32,037
Student Intervention Services	2,060	0	16,467
Support Services:			
Pupils	1,064,087	0	63,336
Instructional Staff	759,140	0	1,625,945
Board of Education	88,631	0	0
Administration	1,152,282	0	113,174
Fiscal	416,822	0	43,836
Business	96,561	0	740
Operation and Maintenance of Plant	1,326,584	1,720	78,454
Pupil Transportation	965,092	0	888,243
Central	1,254	0	0
Operation of Non-Instructional Services	687,021	59,871	921,433
Extracurricular Activities	473,081	200,754	0
Interest and Fiscal Charges	443,992	0	0
<i>Total Governmental Activities</i>	<u>\$16,487,151</u>	<u>\$509,945</u>	<u>\$6,113,324</u>

General Revenues

Property Taxes Levied for:
General Purposes
Debt Service
Capital Outlay
Classroom Facilities Maintenance
Grants and Entitlements not
Restricted to Specific Programs
Investment Earnings
Miscellaneous

Total General Revenues

Change in Net Position

*Net Position at Beginning of Year -
Restated (Note 3)*

Net Position at End of Year

See Accompanying Notes to the Basic Financial Statements

Program Revenues Capital Grants and Contributions	Net(Expense) Revenue and Changes in Net Position Governmental Activities
\$41,280	(\$4,357,252)
0	(2,032,113)
0	29,397
0	14,407
0	(1,000,751)
0	866,805
0	(88,631)
0	(1,039,108)
14,517	(358,469)
0	(95,821)
589	(1,245,821)
0	(76,849)
0	(1,254)
0	294,283
0	(272,327)
0	(443,992)
<u>\$56,386</u>	<u>(9,807,496)</u>
	3,368,377
	992,171
	305,180
	86,101
	8,850,020
	(6,819)
	<u>81,787</u>
	<u>13,676,817</u>
	3,869,321
	<u>17,529,213</u>
	<u>\$21,398,534</u>

East Clinton Local School District

Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Elementary and Secondary School Emergency Relief Fund	Bond Retirement Fund
Assets			
Equity in Pooled Cash and Cash Equivalents	\$7,360,353	\$0	\$1,256,996
Investments	0	0	0
Materials and Supplies Inventory	0	0	0
Inventory Held for Resale	0	0	0
Accrued Interest Receivable	2,265	0	0
Accounts Receivable	30	0	0
Interfund Receivable	55,024	0	0
Intergovernmental Receivable	19,905	76,996	0
Prepaid Items	9,983	0	0
Property Taxes Receivable	3,960,645	0	1,039,283
<i>Total Assets</i>	<u>\$11,408,205</u>	<u>\$76,996</u>	<u>\$2,296,279</u>
Liabilities			
Accounts Payable	\$4,890	\$0	\$0
Accrued Wages and Benefits Payable	1,471,400	28,514	0
Contracts Payable	0	0	0
Retainage Payable	0	0	0
Matured Compensated Absences Payable	24,286	0	0
Interfund Payable	0	43,557	0
Intergovernmental Payable	246,411	4,925	0
<i>Total Liabilities</i>	<u>1,746,987</u>	<u>76,996</u>	<u>0</u>
Deferred Inflows of Resources			
Property Taxes	3,471,917	0	890,008
Unavailable Revenues	165,943	74,356	43,928
<i>Total Deferred Inflows of Resources</i>	<u>3,637,860</u>	<u>74,356</u>	<u>933,936</u>
Fund Balances			
Nonspendable	9,983	0	0
Restricted	0	0	1,362,343
Committed	182,685	0	0
Assigned	1,987,193	0	0
Unassigned (Deficit)	3,843,497	(74,356)	0
<i>Total Fund Balances (Deficit)</i>	<u>6,023,358</u>	<u>(74,356)</u>	<u>1,362,343</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$11,408,205</u>	<u>\$76,996</u>	<u>\$2,296,279</u>

See Accompanying Notes to the Basic Financial Statements

Permanent Improvement Fund	Building Fund	Classroom Facilities Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$2,580,466	\$2,760,865	\$1,524,571	\$2,155,770	\$17,639,021
0	3,970,544	7,152,741	255,816	11,379,101
0	0	0	5,929	5,929
0	0	0	7,924	7,924
0	0	0	126	2,391
0	0	0	0	30
0	0	0	0	55,024
0	0	7,025,552	67,348	7,189,801
0	0	0	265	10,248
359,404	0	0	91,847	5,451,179
<u>\$2,939,870</u>	<u>\$6,731,409</u>	<u>\$15,702,864</u>	<u>\$2,585,025</u>	<u>\$41,740,648</u>
\$0	\$0	\$0	\$2,497	\$7,387
0	0	0	101,616	1,601,530
0	602,998	2,220,454	0	2,823,452
0	74,921	192,760	0	267,681
0	0	0	0	24,286
0	0	0	11,467	55,024
0	0	0	18,768	270,104
<u>0</u>	<u>677,919</u>	<u>2,413,214</u>	<u>134,348</u>	<u>5,049,464</u>
314,298	0	0	78,935	4,755,158
14,992	0	5,598,457	71,195	5,968,871
<u>329,290</u>	<u>0</u>	<u>5,598,457</u>	<u>150,130</u>	<u>10,724,029</u>
0	0	0	472,191	482,174
1,156,558	6,053,490	7,691,193	1,908,968	18,172,552
0	0	0	0	182,685
1,454,022	0	0	0	3,441,215
0	0	0	(80,612)	3,688,529
<u>2,610,580</u>	<u>6,053,490</u>	<u>7,691,193</u>	<u>2,300,547</u>	<u>25,967,155</u>
<u>\$2,939,870</u>	<u>\$6,731,409</u>	<u>\$15,702,864</u>	<u>\$2,585,025</u>	<u>\$41,740,648</u>

East Clinton Local School District
 Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2022

Total Governmental Fund Balances		\$25,967,155
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		21,308,064
Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.		
Taxes	227,047	
Intergovernmental	5,740,161	
Accrued Interest	1,663	
Total	5,968,871	5,968,871
The net pension liability and net OPEB liability (asset) are not due and payable in the current period; therefore, the liabilities (asset) and related deferred inflows/outflows are not reported in governmental funds:		
Net OPEB Asset	1,108,684	
Deferred Outflows - Pension	3,532,443	
Deferred Outflows - OPEB	500,085	
Net Pension Liability	(9,218,509)	
Net OPEB Liability	(1,326,027)	
Deferred Inflows - Pension	(7,312,470)	
Deferred Inflows - OPEB	(2,130,361)	
Total	(14,846,155)	(14,846,155)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(40,331)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Bonds payable	(15,160,000)	
Premium on debt issue	(1,128,213)	
Energy conservation bonds payable	(130,000)	
Compensated absences	(540,857)	
Total	(16,959,070)	(16,959,070)
Net Position of Governmental Activities		<u>\$21,398,534</u>

See Accompanying Notes to the Basic Financial Statements

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East Clinton Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

	General Fund	Elementary and Secondary School Emergency Relief Fund	Bond Retirement Fund
Revenues			
Property Taxes	\$3,367,998	\$0	\$991,587
Intergovernmental	9,962,048	3,061,576	28,145
Investment Earnings	6,156	0	0
Tuition and Fees	247,600	0	0
Rent	800	0	0
Extracurricular Activities	0	0	0
Customer Sales and Services	0	0	0
Miscellaneous	78,512	0	0
<i>Total Revenues</i>	<u>13,663,114</u>	<u>3,061,576</u>	<u>1,019,732</u>
Expenditures			
Current:			
Instruction:			
Regular	5,883,747	178,575	0
Special	2,515,709	0	0
Student Intervention Services	0	2,060	0
Support Services:			
Pupils	801,924	7,923	0
Instructional Staff	695,027	195,690	0
Board of Education	88,631	0	0
Administration	1,153,479	0	0
Fiscal	404,581	0	23,193
Business	109,794	0	0
Operation and Maintenance of Plant	1,220,625	8,042	0
Pupil Transportation	956,967	0	0
Central	1,254	0	0
Operation of Non-Instructional Services	750	0	0
Extracurricular Activities	297,885	0	0
Capital Outlay	59,900	0	0
Debt Service:			
Principal Retirement	40,000	0	380,000
Interest and Fiscal Charges	1,950	0	489,875
<i>Total Expenditures</i>	<u>14,232,223</u>	<u>392,290</u>	<u>893,068</u>
<i>Excess of Revenues Over (Under)Expenditures</i>	<u>(569,109)</u>	<u>2,669,286</u>	<u>126,664</u>
Other Financing Sources (Uses)			
Transfers In	0	0	0
Transfers Out	(33,000)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(33,000)</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(602,109)	2,669,286	126,664
<i>Fund Balances (Deficit) at Beginning of Year - Restated (Note 3)</i>	<u>6,625,467</u>	<u>(2,743,642)</u>	<u>1,235,679</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u><u>\$6,023,358</u></u>	<u><u>(\$74,356)</u></u>	<u><u>\$1,362,343</u></u>

See Accompanying Notes to the Basic Financial Statements

Permanent Improvement Fund	Building Fund	Classroom Facilities Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$305,230	\$0	\$0	\$86,104	\$4,750,919
43,445	0	4,098,308	1,865,010	19,058,532
0	6,302	10,561	(4,983)	18,036
0	0	0	0	247,600
0	0	0	0	800
0	0	0	200,754	200,754
0	0	0	60,791	60,791
0	0	0	3,275	81,787
<u>348,675</u>	<u>6,302</u>	<u>4,108,869</u>	<u>2,210,951</u>	<u>24,419,219</u>
210,067	0	0	51,235	6,323,624
0	0	0	646,863	3,162,572
0	0	0	0	2,060
0	0	0	345,090	1,154,937
0	0	0	67,332	958,049
0	0	0	0	88,631
0	0	0	122,111	1,275,590
8,020	3,708	5,931	2,017	447,450
0	0	0	750	110,544
2,995	0	0	11,581	1,243,243
0	0	0	0	956,967
0	0	0	0	1,254
0	0	0	753,255	754,005
0	0	0	250,140	548,025
0	2,706,759	7,751,937	0	10,518,596
0	0	0	0	420,000
0	0	0	0	491,825
<u>221,082</u>	<u>2,710,467</u>	<u>7,757,868</u>	<u>2,250,374</u>	<u>28,457,372</u>
<u>127,593</u>	<u>(2,704,165)</u>	<u>(3,648,999)</u>	<u>(39,423)</u>	<u>(4,038,153)</u>
0	0	0	33,000	33,000
0	0	0	0	(33,000)
<u>0</u>	<u>0</u>	<u>0</u>	<u>33,000</u>	<u>0</u>
127,593	(2,704,165)	(3,648,999)	(6,423)	(4,038,153)
<u>2,482,987</u>	<u>8,757,655</u>	<u>11,340,192</u>	<u>2,306,970</u>	<u>30,005,308</u>
<u>\$2,610,580</u>	<u>\$6,053,490</u>	<u>\$7,691,193</u>	<u>\$2,300,547</u>	<u>\$25,967,155</u>

East Clinton Local School District
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds (\$4,038,153)

**Amounts reported for governmental activities in the
 Statement of Activities are different because:**

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital assets additions	237,139	
Construction in progress additions	10,463,224	
Depreciation expense	<u>(754,060)</u>	
Excess of capital outlay over depreciation expense		9,946,303

Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are therefore recorded as deferred inflows of resources in the governmental funds.

Delinquent property taxes	910	
Intergovernmental	(4,057,332)	
Interest	<u>(6,325)</u>	
Total		(4,062,747)

Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.

Pension	1,318,187	
OPEB	<u>45,530</u>	
Total		1,363,717

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability (asset) are reported as pension/OPEB expense in the Statement of Activities.

Pension	153,966	
OPEB	<u>64,372</u>	
Total		218,338

Accretion and amortization of bond premiums, the deferred loss on refunding debt, as well as accrued interest payable on the bonds are not reported in the funds, but are allocated as an expense over the life of the debt in the Statement of Activities.

Decrease in accrued interest payable	1,309	
Amortization of bond premium	<u>46,524</u>	
Total		47,833

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current fiscal year, these amounts consist of:

Principal retirement		420,000
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Some items 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. These activities consist of:

Increase in compensated absences payable		<u>(25,970)</u>
--	--	-----------------

Change in Net Position of Governmental Activities \$3,869,321

See Accompanying Notes to the Basic Financial Statements

East Clinton Local School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive Variance with (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$3,412,500	\$3,392,190	\$3,392,190	\$0
Intergovernmental	9,894,554	9,889,040	9,889,040	0
Investment Earnings	50,000	50,000	47,748	(2,252)
Tuition and Fees	1,050,700	247,880	247,630	(250)
Rent	500	800	800	0
Gifts and Donations	1,000	0	0	0
Miscellaneous	58,525	59,561	59,561	0
<i>Total Revenues</i>	<u>14,467,779</u>	<u>13,639,471</u>	<u>13,636,969</u>	<u>(2,502)</u>
Expenditures				
Current:				
Instruction:				
Regular	6,547,138	5,779,663	5,779,663	0
Special	2,744,796	2,433,898	2,433,898	0
Student Intervention Services	3,450	0	0	0
Support Services:				
Pupils	553,369	708,350	708,350	0
Instructional Staff	668,855	717,770	717,770	0
Board of Education	69,345	88,836	88,836	0
Administration	1,141,911	1,154,295	1,154,295	0
Fiscal	397,448	401,566	401,566	0
Business	103,948	109,376	109,376	0
Operation and Maintenance of Plant	1,336,248	1,218,789	1,218,789	0
Pupil Transportation	1,009,116	956,684	956,684	0
Central	6,300	1,254	1,254	0
Operation of Non-Instructional Services	2,000	750	750	0
Extracurricular Activities	319,227	299,911	299,911	0
Capital Outlay	59,900	59,900	59,900	0
Debt Service:				
Principal	40,000	40,000	40,000	0
Interest	1,950	1,950	1,950	0
<i>Total Expenditures</i>	<u>15,005,001</u>	<u>13,972,992</u>	<u>13,972,992</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(537,222)</u>	<u>(333,521)</u>	<u>(336,023)</u>	<u>(2,502)</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	5,000	0	0	0
Refund of Prior Year Expenditures	50,000	88,740	88,740	0
Transfers Out	(20,000)	(33,000)	(33,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>35,000</u>	<u>55,740</u>	<u>55,740</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(502,222)	(277,781)	(280,283)	(2,502)
<i>Fund Balance at Beginning of Year</i>	7,728,914	7,728,914	7,728,914	(2,502)
<i>Prior Year Encumbrances Appropriated</i>	0	0	0	0
<i>Fund Balance at End of Year</i>	<u>\$7,226,692</u>	<u>\$7,451,133</u>	<u>\$7,448,631</u>	<u>(\$5,004)</u>

See Accompanying Notes to the Basic Financial Statements

East Clinton Local School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Elementary and Secondary School Emergency Relief Fund
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive Variance with (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$4,748,188	\$3,063,482	\$3,063,482	0
Expenditures				
Current:				
Instruction:				
Regular	2,000,000	178,575	178,575	0
Student Intervention Services	0	632	632	0
Support Services:				
Pupils	0	7,923	7,923	0
Instructional Staff	0	163,679	163,679	0
Operation and Maintenance of Plant	0	8,042	8,042	0
<i>Total Expenditures</i>	<u>2,000,000</u>	<u>358,851</u>	<u>358,851</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	2,748,188	2,704,631	2,704,631	0
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>(2,748,188)</u>	<u>(2,748,188)</u>	<u>(2,748,188)</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$0</u>	<u>(\$43,557)</u>	<u>(\$43,557)</u>	<u>\$0</u>

See Accompanying Notes to the Basic Financial Statements

East Clinton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 1 - Description of the School District and Reporting Entity

East Clinton Local 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 federal guidelines.

The Board controls the School District’s four instructional support facilities, staffed by 79 non-certified employees, 99 teaching personnel, and 12 administrative employees providing education to 1,220 students.

Reporting Entity

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

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

The School District participates in six organizations: four jointly governed organizations, one insurance purchasing pool, and one public entity shared risk pool. These organizations are presented in Note 16 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

Miami Valley Educational Computer Association
Great Oaks Institute of Technology and Career Development
Southern Buckeye Athletic and Academic Conference
Southwestern Ohio Educational Purchasing Council

East Clinton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Insurance Purchasing Pool:

Ohio SchoolComp Workers' Compensation Group Rating Plan

Public Entity Shared Risk Pool:

Southwestern Ohio Educational Purchasing Council Medical Insurance and
Benefit Plan Trust

Note 2 - Summary of Significant Accounting Policies

The financial statements of the East Clinton Local 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.

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 School District. The government-wide financial statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type; however, the School District has no business-type activities.

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

Fund Financial Statements

During the year, the School District segregates transactions related to certain School District functions or activities into separate funds in order to aid financial management and to

East Clinton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

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

Governmental Funds:

Governmental funds are those through which most governmental functions of the School District are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources 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 and report all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose, provided it is expended or transferred according to the general laws of Ohio.

Elementary and Secondary School Emergency Relief (ESSER) Fund - This fund is used to account for and report federal grant money received through the American Rescue Plan Act to help the School District sustain safe operation and to aid in the impact of the Coronavirus pandemic.

Bond Retirement Fund – This fund is used to account for and report restricted resources for the payment of, general obligation bond principal and interest and certain other long-term obligations when the School District is obligated for the payment.

Permanent Improvement Fund - This fund accounts for and reports restricted property taxes related to the acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705 of the Ohio Revised Code.

Building Fund – This fund is used to account for and report all transactions restricted for constructing improvements, renovations, and additions to the School District's buildings, including equipment, furniture and fixtures.

Classroom Facilities Construction Fund – This fund is used to account for and report grants restricted for constructing improvements, renovations, and additions to the School District's buildings, including equipment, furniture and fixtures.

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

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include 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. 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 are collectible 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 60 days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual

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basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as deferred inflows of resources on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables that will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, grants, and accrued interest. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 20. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide Statement of Net Position. (See Notes 11 and 12)

Expenses/Expenditures

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

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

Cash and Cash Equivalents

Cash received by the School District is deposited into one of several bank accounts with individual fund integrity being maintained through the School District's records for cash that is pooled. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalent" on the financial statements. The School District has monies related to the Building and Classroom Facilities funds, for the Ohio School Facilities Commission Project invested separately from the School District's internal investment pool. The School District also has monies related to the Endowment fund invested separately from the School District's internal investment pool. Both of these amounts are presented as "Investments" on the financial statements.

During fiscal year 2022, the School District's investments were limited to STAROhio, discount commercial paper, money market mutual funds, negotiable certificates of deposit, and United States Treasury securities. Investments, except for STAROhio and Commercial paper, are reported at fair value which is based on quoted market prices. For investments in open-end mutual funds, the fair value is determined by the fund's current share price. The School District's commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year.

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

For fiscal year 2022, 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 for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million per C-1day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of investment earnings. Interest credited to the General Fund during fiscal year 2022 amounted to \$6,156, which includes \$4,547 assigned from other School District funds.

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

Inventory

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable/Payable." Interfund balances are eliminated on the Statement of Net Position.

Capital Assets

All capital assets of the School District are general capital assets that are associated with 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.

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 \$2,500. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except land and construction in process, 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:

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<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20-40 years
Furniture, Fixtures and Equipment	5-20 years
Vehicles	10 years

Compensated Absences

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

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

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditures to the extent that payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees will be paid.

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

Accrued Liabilities and Long-term Obligations

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

Pension/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of

East Clinton Local School District
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employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Fund Balance

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

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

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by the highest level of formal action (resolution) of the 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 incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements and termination benefits.

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 the Board of Education or a School District official delegated that authority by resolution or State statute. The Treasurer assigned fund balance to cover a gap between estimated revenue and appropriations in the 2023 appropriation budget.

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

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balances, 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.

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Net Position

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

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

Internal Activity

Transfers between governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another, or within the same function, are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers and are eliminated from the Statement of Activities. 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.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the Certificate of Estimated Resources, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The Certificate of Estimated Resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level. Although the legal level of budgetary control was established at the fund level of expenditures, the School District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

The Certificate of Estimated Resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the

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certificate when the original appropriations were adopted. The amounts reported as final budgeted amounts reflect the amounts in the amended certificate requested at fiscal year-end.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year, including all supplemental appropriations. Prior to fiscal year-end, the School District passed a supplemental appropriation that reflected actual expenditures plus encumbrances for the fiscal year.

Bond Premiums

For governmental activities, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, since the results are not significantly different from the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds payable.

On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds were issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund.

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.

Note 3 – Change in Accounting Principles and Restatement of Net Position and Fund Balance

Change in Accounting Principles

For fiscal year 2022, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases and related guidance from (GASB) Implementation Guide No. 2019-3, Leases.

GASB Statement 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School District did not have any contracts that met the GASB 87 definition of a lease.

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The School District is implementing Implementation Guide No. 2020-1, GASB Statement No. 92 –Omnibus 2020, and GASB Statement No. 97 -- *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. These changes were incorporated in the School District’s 2022 financial statements; however, there was no effect on beginning net position/fund balance.

For fiscal year 2022, the School District modified its approach related to the eligibility. The modified approach on certain grants had the following effect on fund balance as of June 30, 2021:

Restatement of Net Position and Fund Balance

The modified approach on certain grants had the following effect on fund balance as of June 30, 2021:

	General Fund	Elementary and Secondary School Emergency Relief Fund	Bond Retirement Fund	Permanent Improvement Fund	Building Fund
Fund Balances (Deficit), June 30, 2021	\$6,625,467	(\$2,743,642)	\$1,235,679	\$2,482,987	\$8,757,655
Adjustments:					
Reimbursable Grants	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Restated Fund Balances (Deficit), June 30, 2021	<u>\$6,625,467</u>	<u>(\$2,743,642)</u>	<u>\$1,235,679</u>	<u>\$2,482,987</u>	<u>\$8,757,655</u>

	Classroom Facilities Construction Fund	Nonmajor Funds	Total
Fund Balances (Deficit), June 30, 2021	\$11,340,192	\$2,306,973	\$30,005,311
Adjustments:			
Reimbursable Grants	<u>0</u>	<u>(3)</u>	<u>(3)</u>
Restated Fund Balances (Deficit), June 30, 2021	<u>\$11,340,192</u>	<u>\$2,306,970</u>	<u>\$30,005,308</u>

The modified approach on certain grants had the following effect on net position as of June 30, 2021:

	Governmental Activities
Net Position, June 30, 2021	<u>\$17,998,326</u>
Adjustments:	
Modified approach to grants	<u>(469,113)</u>
Restated Net Position, June 30, 2021	<u>\$17,529,213</u>

East Clinton Local School District
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Note 4 - Accountability

At June 30, 2022, the following funds had deficit fund balances:

<u>Funds</u>	<u>Amounts</u>
Elementary and Secondary School Emergency Relief	\$74,356
Student Wellness and Success	858
Title VI	51,923
Title I	13,395
IDEA-Early Childhood	13,214
Title IIA	1,222
Total	<u>\$154,968</u>

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

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) is presented for the General Fund and Elementary and Secondary School Emergency Relief Fund 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 that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).
3. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

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

	<u>Net Change in Fund Balance</u>	
	<u>General Fund</u>	<u>Elementary and Secondary School Emergency Relief Fund</u>
GAAP Basis	(\$602,109)	\$2,669,286
Adjustments:		
Revenue Accruals	20,353	1,906
Change in Fair Value of Investments 2021	8,988	0
Change in Fair Value of Investments 2022	33,254	0
Expenditure Accruals	259,231	33,439
Budget Basis	<u>(\$280,283)</u>	<u>\$2,704,631</u>

Note 6 - Deposits and Investments

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

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio); and
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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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 School District, and must be purchased with the expectation that it will be held to maturity.

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

Investments

As of June 30, 2022, the School District had the following investments. All investments, except those relating to the Ohio School Facilities Commission Project and the endowment, are in an internal investment pool:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Net Asset Value per Share:				
STAROhio	\$1,321,796	Less than one year	AAAm	8.46 %
Amortized Cost:				
Discount Commercial Paper	10,123,396	Less than one year	A1 to A1+	64.80
Fair Value - Level One Inputs:				
Money Market Mutual Funds	986,870	Less than one year	N/A	6.32
Fair Value - Level Two Inputs:				
Negotiable Certificates of Deposit	753,275	Less than three years	N/A	N/A
US Treasury Notes	1,437,499	Less than two years	AA+	9.20
US Treasury Bills	999,490	Less than one year	AA+	6.40
Total Fair Value-Level Two Inputs	<u>3,190,264</u>			
Total Investments	<u>\$15,622,326</u>			

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2022. The Money Market Mutual Fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

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For the Fiscal Year Ended June 30, 2022

Interest Rate Risk

As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. To date, no investments have been purchased with a life greater than five years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District has no investment policy that would further limit its investment choices. The negotiable certificates of deposit are in denominations of under \$250,000 each, in separate banks, and are insured by the Federal Deposit Insurance Corporation (FDIC). The negotiable certificates of deposit are, therefore, not subject to credit risk. The investments table shows the Standard and Poor's ratings. The School District has no investment policy that addresses credit risk.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The 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.

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 investments in the amount of \$11,123,285 being held by US Bank, which consists of Commercial Paper, and Negotiable Certificates of Deposit. These investments are restricted in their use for the Ohio School Facilities Commission Project and are included in the investment table on the previous page. The School District also has investments in the amount of \$255,816 being held by People's Bank, which consists of Negotiable Certificates of Deposit and US Treasury notes. These investments are restricted in their use due to the endowment and are included in the preceding investment table.

East Clinton Local School District
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Note 7 - Property Taxes

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

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 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2021 on the assessed value listed as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien December 31, 2020, were levied after April 1, 2021, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

Accrued property taxes receivable includes real property and public utility property taxes that are measurable as of June 30, 2022 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows - property taxes.

The amounts available as an advance at June 30, 2022 were \$324,400 in the General Fund, \$105,347 in the Debt Service Fund, \$30,114 in the Permanent Improvement Fund, and \$9,113 in the Classroom Facilities Fund. The amounts available as an advance at June 30, 2021 were \$348,592 in the General Fund, \$109,106 in the Debt Service Fund, \$32,168 in the Permanent Improvement Fund, and \$9,571 in the Classroom Facilities Fund.

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

East Clinton Local School District
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The assessed values upon which fiscal year 2022 taxes were collected are:

	2021 Second- Half Collections		2022 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$166,332,740	96.05%	\$170,446,940	95.80%
Public Utility	6,842,070	3.95%	7,469,840	4.20%
Total Assessed Value	<u>\$173,174,810</u>	<u>100.00%</u>	<u>\$177,916,780</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$38.70		\$38.70	

Note 8 - Receivables

Receivables at June 30, 2022 consisted of interest, accounts, interfund, intergovernmental grants, and property taxes. All receivables, except delinquent property taxes, are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable conditions of State programs, and the current year guarantee of federal funds. All receivables, except for delinquent property taxes and Ohio Facilities Construction Commission Grant monies, are expected to be collected within one year. Ohio Facilities Construction Commission Grant monies will be collected over the life of the construction of new facilities. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
<u>Governmental Activities:</u>	
Ohio Facilities Construction Commission	\$7,025,552
Elementary and Secondary School	
Emergency Relief	76,996
Foundation Adjustment	2,349
School Employees Retirement System	924
IDEA-B Special Education	51,925
Title I-A	2,209
IDEA Preschool	13,214
Due from Other Governments	16,632
Total Intergovernmental Receivables	<u>\$7,189,801</u>

East Clinton Local School District
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Note 9 - Capital Assets

Capital assets activity for the fiscal year ended June 30, 2022 was as follows:

	Balance at 6/30/21	Additions	Deductions	Balance at 6/30/22
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$452,753	\$0	\$0	\$452,753
Construction in Progress	1,756,318	10,463,224	0	12,219,542
Total Capital Assets Not Being Depreciated	2,209,071	10,463,224	0	12,672,295
Capital Assets Being Depreciated:				
Buildings and Improvements	24,215,485	0	0	24,215,485
Furniture, Fixtures and Equipment	3,270,193	237,139	0	3,507,332
Vehicles	1,518,916	0	0	1,518,916
Total Capital Assets Being Depreciated	29,004,594	237,139	0	29,241,733
Less Accumulated Depreciation:				
Buildings and Improvements	(16,042,755)	(548,743)	0	(16,591,498)
Furniture, Fixtures and Equipment	(2,635,202)	(117,350)	0	(2,752,552)
Vehicles	(1,173,947)	(87,967)	0	(1,261,914)
Total Accumulated Depreciation	(19,851,904)	(754,060)*	0	(20,605,964)
Total Capital Assets Being Depreciated, Net	9,152,690	(516,921)	0	8,635,769
Governmental Activities Capital Assets, Net	\$11,361,761	\$9,946,303	\$0	\$21,308,064

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$478,820
Special	278
Vocational	2,640
Support Services:	
Instructional Staff	21,360
Administration	4,161
Operation and Maintenance of Plant	117,772
Pupil Transportation	97,781
Operation of Non-Instructional Services	4,624
Extracurricular Activities	26,624
Total Depreciation Expense	<u>\$754,060</u>

Note 10 - Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2022, the School District contracted with Arthur J. Gallagher & Co. for property and fleet insurance and liability insurance.

Settled claims have not exceeded the commercial coverage in any of the past three years. There have been no significant changes in coverage during the fiscal year.

Workers' Compensation

For fiscal year 2022, the School District participated in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience, and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Sedgwick Inc. provides administrative, cost control, and actuarial services to the GRP. Each year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.

Medical and Dental Benefits

For fiscal year 2022, the School District participated in the Southwestern Ohio Educational Purchasing Council and Medical Insurance and Benefit Plan Trust, a public entity shared risk pool (Note 16). The School District pays monthly premiums to the Trust for employee medical and dental insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

Note 11 – Defined Benefit Pension Plans

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

Net Pension/Net OPEB Liability

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for

East Clinton Local School District
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employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

East Clinton Local School District
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Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. 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. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 0.5 percent COLA for calendar year 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

East Clinton Local School District
Notes to the Basic Financial Statements
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The School District's contractually required contribution to SERS was \$353,268 for fiscal year 2022, none of which is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, 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.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$964,919 for fiscal year 2022. Of this amount \$205,539 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 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:

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	SERS	STRS	Total
Proportion of the Net Pension Liability			
Current Measurement Date	0.06762650%	0.052583607%	
Proportion of the Net Pension Liability			
Prior Measurement Date	0.06804540%	0.052229100%	
Change in Proportionate Share	<u>-0.00041890%</u>	<u>0.000354507%</u>	
Proportionate Share of the Net			
Pension Liability	\$2,495,222	\$6,723,287	\$9,218,509
Pension Expense	(\$144,869)	(\$9,097)	(\$153,966)

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$240	\$207,717	\$207,957
Changes of assumptions	52,542	1,865,160	1,917,702
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	0	88,597	88,597
School District contributions subsequent to the measurement date	353,268	964,919	1,318,187
Total Deferred Outflows of Resources	<u>\$406,050</u>	<u>\$3,126,393</u>	<u>\$3,532,443</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$64,711	\$42,141	\$106,852
Net difference between projected and actual earnings on pension plan investments	1,285,112	5,794,186	7,079,298
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	65,294	61,026	126,320
Total Deferred Inflows of Resources	<u>\$1,415,117</u>	<u>\$5,897,353</u>	<u>\$7,312,470</u>

\$1,318,187 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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For the Fiscal Year Ended June 30, 2022

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	(\$375,724)	(\$905,861)	(\$1,281,585)
2024	(286,607)	(812,278)	(1,098,885)
2025	(305,553)	(877,225)	(1,182,778)
2026	(394,451)	(1,140,515)	(1,534,966)
Total	(\$1,362,335)	(\$3,735,879)	(\$5,098,214)

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, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.4 percent	3.00 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 percent to 13.58 percent 2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	3.50 percent to 18.20 percent 2.5 percent
Investment Rate of Return	7.00 percent net of System expenses	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

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Mortality rates for 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Mortality rates for 2020 were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2020.

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 rebalancing uncorrelated asset classes.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

Discount Rate The total pension liability for 2021 was calculated using the discount rate of 7.00 percent. The discount rate for 2020 was 7.5 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 (7.00 percent). Based on those assumptions, the plan's fiduciary net position was

East Clinton Local School District
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projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 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 (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$4,151,436	\$2,495,222	\$1,098,464

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation compared to those used in the June 30, 2020, actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.50 percent	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.45 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent	0.0 percent,

Post-retirement 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. 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 June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

East Clinton Local School District
Notes to the Basic Financial Statements
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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 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021, and 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, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$12,590,200	\$6,723,287	\$1,765,758

Changes Between the Measurement Date and the Reporting Date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial

East Clinton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time three percent cost-of-living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2022, two members of the Board of Education has elected Social Security. The contribution rate is 6.2 percent of wages.

Note 12 – Defined Benefit OPEB Plans

See note 11 for a description of the net OPEB liability.

Plan Description – School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. 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.

East Clinton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, 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 2022, this amount was \$25,000. 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 2022, the School District's surcharge obligation was \$45,530.

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 \$45,530 for fiscal year 2022, all of which is reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System of Ohio (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, 2022, STRS did not allocate any employer contributions to post-employment health care.

East Clinton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.07006440%	0.052583607%	
Prior Measurement Date	<u>0.07066660%</u>	<u>0.052229100%</u>	
Change in Proportionate Share	<u>-0.00060220%</u>	<u>0.000354507%</u>	
Proportionate Share of the:			
Net OPEB (Asset)	\$0	(\$1,108,684)	(\$1,108,684)
Net OPEB Liability	\$1,326,027	\$0	\$1,326,027
OPEB Expense	\$5,050	(\$69,422)	(\$64,372)

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$14,134	\$39,476	\$53,610
Changes of assumptions	208,022	70,818	278,840
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	91,541	30,564	122,105
School District contributions subsequent to the measurement date	<u>45,530</u>	<u>0</u>	<u>45,530</u>
Total Deferred Outflows of Resources	<u>\$359,227</u>	<u>\$140,858</u>	<u>\$500,085</u>

East Clinton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

	SERS	STRS	Total
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$660,421	\$203,130	\$863,551
Changes of assumptions	181,588	661,410	842,998
Net difference between projected and actual earnings on OPEB plan investments	28,808	307,308	336,116
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	84,262	3,434	87,696
Total Deferred Inflows of Resources	\$955,079	\$1,175,282	\$2,130,361

\$45,530 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	(\$130,006)	(\$294,812)	(\$424,818)
2024	(130,207)	(287,119)	(417,326)
2025	(147,584)	(281,168)	(428,752)
2026	(139,498)	(128,537)	(268,035)
2027	(73,335)	(43,824)	(117,159)
Thereafter	(20,752)	1,036	(19,716)
Total	(\$641,382)	(\$1,034,424)	(\$1,675,806)

Actuarial Assumptions - SERS

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

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

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial

East Clinton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:		
Measurement Date	1.92 percent	2.45 percent
Prior Measurement Date	2.45 percent	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation		
Measurement Date	2.27 percent	2.63 percent
Prior Measurement Date	2.63 percent	3.22 percent
Medical Trend Assumption		
Medicare	5.125 to 4.40 percent	5.25 to 4.75 percent
Pre-Medicare	6.75 to 4.40 percent	7.00 to 4.75 percent

For 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

For 2020, 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, 2020. The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year

East Clinton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

experience study. The most recent study covers fiscal years 2015 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2021, was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.63 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 contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020, and the June 30, 2021, total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92 percent at June 30, 2021, and 2.45 percent at June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

East Clinton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1 % Increase (3.27%)
School District's proportionate share of the net OPEB liability	\$1,643,107	\$1,326,027	\$1,072,719

	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$1,020,932	\$1,326,027	\$1,733,539

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020, actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.45 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	5.00 percent initial, 4 percent ultimate	5.00 percent initial, 4 percent ultimate
Medicare	-16.18 percent initial, 4 percent ultimate	-6.69 percent initial, 4 percent ultimate
Prescription Drug		
Pre-Medicare	6.50 percent initial, 4 percent ultimate	6.50 percent initial, 4 percent ultimate
Medicare	29.98 initial, 4 percent ultimate	11.87 initial, 4 percent ultimate

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

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

East Clinton Local School District
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For the Fiscal Year Ended June 30, 2022

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021, and 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, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1 % Increase (8.00%)								
School District's proportionate share of the net OPEB asset	(\$935,556)	(\$1,108,684)	(\$1,253,303)								
<table style="width: 100%; border-collapse: collapse; margin-left: 40px;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 15%; text-align: center;">1% Decrease</th> <th style="width: 20%; text-align: center;">Current Trend Rate</th> <th style="width: 25%; text-align: center;">1% Increase</th> </tr> </thead> <tbody> <tr> <td style="padding-left: 20px;">School District's proportionate share of the net OPEB asset</td> <td style="text-align: right;">(\$1,247,443)</td> <td style="text-align: right;">(\$1,108,684)</td> <td style="text-align: right;">(\$937,092)</td> </tr> </tbody> </table>					1% Decrease	Current Trend Rate	1% Increase	School District's proportionate share of the net OPEB asset	(\$1,247,443)	(\$1,108,684)	(\$937,092)
	1% Decrease	Current Trend Rate	1% Increase								
School District's proportionate share of the net OPEB asset	(\$1,247,443)	(\$1,108,684)	(\$937,092)								

Changes Between the Measurement Date and the Reporting Date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability is unknown.

East Clinton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 13 - Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified and administrative employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees at the end of each fiscal year. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to an unlimited number of days. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of 60 days.

Insurance Benefits

The School District provides life insurance to all employees, except substitutes, through Unum Life Insurance Company of America, and pays 100 percent of the premium.

Retirement Incentive

The School District offers a retirement incentive for certified employees who retire in the fiscal year in which they are first eligible. Eligible employees receive 75% of their final annual salary paid over two (2) fiscal years. The first payment shall be made within 60 days of the Treasurer's receipt of written confirmation from STRS that the employee is retired and receiving STRS benefits. The second payment shall be made within thirty (30) days of the start of the next fiscal year.

Note 14 - Long-Term Obligations

The changes in the School District's long-term obligations during fiscal year 2022 were as follows:

East Clinton Local School District
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	Amount Outstanding 6/30/2021	Additions	Deductions	Amount Outstanding 6/30/2022	Amounts Due in One Year
<u>Governmental Activities:</u>					
Direct Placement:					
Energy Conservation Bonds 2010	\$170,000	\$0	\$40,000	\$130,000	\$40,000
General Obligations Bonds:					
2019 School Facilities Improvement Bonds, Series 2019 A 3.0% to 4.0%					
Serial & Term Bonds	8,825,000	0	215,000	8,610,000	225,000
Unamortized Premium	714,181	0	28,284	685,897	0
2019 School Facilities Improvement Bonds, Series 2019 B 2.0% to 4.0%					
Serial & Term Bonds	6,715,000	0	165,000	6,550,000	175,000
Unamortized Premium	460,556	0	18,240	442,316	0
Total General Obligation Bonds	<u>16,714,737</u>	<u>0</u>	<u>426,524</u>	<u>16,288,213</u>	<u>400,000</u>
<u>Other Long-Term Obligations:</u>					
Net Pension Liability:					
SERS	4,500,667	0	2,005,445	2,495,222	0
STRS	12,637,585	0	5,914,298	6,723,287	0
Total Net Pension Liability	<u>17,138,252</u>	<u>0</u>	<u>7,919,743</u>	<u>9,218,509</u>	<u>0</u>
Net OPEB Liability:					
SERS	1,535,816	0	209,789	1,326,027	0
Compensated Absences	514,887	209,392	183,422	540,857	27,428
Total - Governmental Activities Long-term Obligations	<u>\$36,073,692</u>	<u>\$209,392</u>	<u>\$8,779,478</u>	<u>\$27,503,606</u>	<u>\$467,428</u>

Energy Conservation Bonds 2010

On February 5, 2010, the School District issued \$595,000 in energy conservation bonds for the purpose of making energy efficient upgrades. The bonds were issued for a 15-year period with final maturity in December 2024. These bonds were directly placed. The bonds will be retired from the General Fund.

2019 School Facilities Improvement Bonds Series 2019A

On October 3, 2019, the School District issued \$9,220,000 in general obligation bonds for the purpose of paying off the remaining portion of the 2018 and 2019 School Improvement bond anticipation notes. The bond issue included serial and term bonds, in the amount of \$6,065,000 and \$3,155,000, respectively. The bonds were issued for a 27 year period with final maturity at December 1, 2046. The bonds will be retired from the Debt Service Fund.

East Clinton Local School District
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2019 School Facilities Improvement Bonds Series 2019B

On October 22, 2019, the School District issued \$7,015,000 in general obligation bonds for the purpose of paying off the remaining portion of the 2018 and 2019 School Improvement bond anticipation notes. The bond issue included serial and term bonds, in the amount of \$2,710,000 and \$4,305,000, respectively. The bonds were issued for a 27 year period with final maturity at December 1, 2046. The bonds will be retired from the Debt Service 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 following funds: General, Food Service, IDEA Part B, Title I, and Class Reduction. For additional information related to the net pension liability and net OPEB liability see Notes 11 and 12. Compensated absences will be paid from the General Fund.

The School District's voted legal debt margin was \$2,214,853 with an energy conservation debt margin of \$1,471,251 and an unvoted debt margin of \$177,917 at June 30, 2022.

As of June 30, 2022, \$10,595,410 of debt proceeds were unexpended.

Principal and interest requirements to retire bonds outstanding at June 30, 2022 are as follows:

Fiscal Year Ending June 30,	Direct Placement			General Obligation Bonds		
	Energy Conservation Bonds 2010			Serial/Term Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$40,000	\$1,430	\$41,430	\$400,000	\$474,275	\$874,275
2024	45,000	878	45,878	410,000	460,100	870,100
2025	45,000	292	45,292	425,000	445,425	870,425
2026	0	0	0	440,000	430,263	870,263
2027	0	0	0	455,000	414,500	869,500
2028-2032	0	0	0	2,535,000	1,808,625	4,343,625
2033-2037	0	0	0	2,990,000	1,356,750	4,346,750
2038-2042	0	0	0	3,470,000	871,650	4,341,650
2043-2047	0	0	0	4,035,000	309,675	4,344,675
Total	<u>\$130,000</u>	<u>\$2,600</u>	<u>\$132,600</u>	<u>\$15,160,000</u>	<u>\$6,571,263</u>	<u>\$21,731,263</u>

Note 15 - Interfund Activity

As of June 30, 2022, interfund receivables and payables that resulted from various interfund transactions were as follows:

East Clinton Local School District
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		Receivable
		General
Payable	Elementary and Secondary School	
	Emergency Relief Fund	\$43,557
	Nonmajor Governmental Funds	11,467
	Total	\$55,024

General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Advancing monies to other funds is necessary due to timing differences in the receiving of grant monies. When the monies are finally received, the grant fund will use these restricted monies to reimburse the General Fund for the initial advance.

Transfers from the General Fund made during the fiscal year ended June 30, 2022, amounted to \$33,000 to nonmajor special revenue fund support programs accounted for in that fund.

Note 16 - Jointly Governed Organizations, Insurance Purchasing Pool, and Public Entity Shared Risk Pool

Jointly Governed Organizations

Miami Valley Educational Computer Association

The School District is a participant in the Miami Valley Educational Computer Association (MVECA), which is a computer consortium. MVECA is an association of public schools within the boundaries of Clark, Clinton, Fayette, Greene, Highland, and Madison Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts.

The governing board of MVECA consists of five Superintendents and two Treasurers of member school districts, with four of the five Superintendents and both Treasurers elected by a majority vote of all member school districts, except the Greene County Career Center. The fifth Superintendent is from the Greene County Career Center. The Board exercises total control over the operations of the consortium including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School District paid MVECA \$294,718 for services provided during fiscal year 2020. Financial information can be obtained from Liz Dunn, who serves as Treasurer, at 330 East Enon Road, Yellow Springs, Ohio 45387.

Great Oaks Institute of Technology and Career Development

The Great Oaks Institute of Technology and Career Development is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possess its own budgetary and taxing authority. Great Oaks offers career technical programs to high school juniors and seniors of the School District. The Board exercises total control over the operations

East Clinton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

of Great Oaks Institute of Technology and Career Development including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. To obtain financial information, write to the Great Oaks Institute of Technology and Career Development, 3254 E. Kemper Road, Cincinnati, OH 45241-1581.

Southern Buckeye Athletic and Academic Conference

The Southern Buckeye Athletic and Academic Conference provides athletic and academic events for the students of the participating school districts. The governing board consists of each participating school district's superintendent. The Southern Buckeye Athletic and Academic Conference does not acquire financial resources, and in no way will it cause financial stress to the School District.

Southwestern Ohio Educational Purchasing Council

The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of nearly 180 school districts and educational service centers in 26 counties. The purpose of the council 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. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year's prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations during the one year period. The Board exercises total control over the operations of the council including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. Payments to the SOEPC are made from the General Fund. During fiscal year 2022, the School District made no payment to SOEPC for membership dues. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Insurance Purchasing Pool

Ohio SchoolComp Workers' Compensation Group Rating Plan

The School District participates in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The Ohio School Board Association (OSBA) and the Ohio Association of School Business Officials (OASBO) co-sponsor the GRP. The executive directors of the OSBA and the OASBO, or their designees, serve as coordinators of the program.

East Clinton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Public Entity Shared Risk Pool

Southwestern Ohio Educational Purchasing Council Medical Insurance and Benefit Plan Trust

The Southwestern Ohio Educational Purchasing Council Medical Insurance and Benefit Plan Trust is a public entity shared risk pool. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical and dental insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plans offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Cooperative, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Note 17 - Set-Aside Calculation

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

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

	Capital Acquisitions
Set-aside Balance as of June 30, 2021	\$0
Current Fiscal Year Set-aside Requirement	221,522
Current Fiscal Year Offsets	(221,522)
<i>Set-aside Balance as of June 30, 2022</i>	<u><u>\$0</u></u>

Amounts of offsets and qualifying expenditures presented in the table for the capital acquisition set-asides were limited to those necessary to reduce the year-end balance to zero. Although the School District may have had additional offsets and qualifying expenditures for capital acquisitions, these amounts may not be used to reduce the set-aside requirements of future fiscal years and therefore is not presented as being carried forward to the next fiscal year.

East Clinton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 18 – Significant Commitments

Contractual Commitments

The outstanding construction commitments at June 30, 2022, are:

Contractor	Contract Amount	Amount Expended	Balance at 6/30/2022
Elevar Design Group Inc.	\$2,509,856	\$1,771,236	\$738,620
Hill International	\$353,563	\$291,065	62,498
Four Seasons Environmental	155,696	36,327	119,369
Action Contractors Sabina Elementary	3,891,407	1,770,246	2,121,161
Action Contractors New Vienna Elemenatry	3,672,350	1,667,514	2,004,836
Monarch Construction	22,028,067	3,519,886	18,508,181
Total	<u>\$32,610,939</u>	<u>\$9,056,274</u>	<u>\$23,554,665</u>

Note 19 – Endowments

The School District’s permanent funds include donor-restricted endowments. The Net Position-Non-Expendable amounts of \$465,997 represent the principal portion of the endowments. The Net Position – Expendable amount of \$46,041 represents the interest earnings on donor-restricted investments and is available for expenditure by the governing board, for purposes consistent with the endowment’s intent. State law permits the governing board to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise.

Note 20 – 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 fund balance for the major governmental funds and all other governmental funds are presented as follows:

East Clinton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Fund Balances	General Fund	Elementary and Secondary School Emergency Relief Fund	Bond Retirement Fund	Permanent Improvement Fund
<i>Nonspendable:</i>				
Endowment Fund - Library Materials & Services	\$0	\$0	\$0	\$0
Endowment Fund - Scholarships				
Prepays	9,983	0	0	0
Inventory	0	0	0	0
<i>Total Nonspendable</i>	9,983	0	0	0
<i>Restricted for:</i>				
Capital Improvements	0	0	0	1,156,558
Debt Payments	0	0	1,362,343	0
Classroom Facilities	0	0	0	0
Food Service Operations	0	0	0	0
District Managed Activities	0	0	0	0
Fine Arts Activities	0	0	0	0
Federal and State Grants	0	0	0	0
Student Managed Activities	0	0	0	0
Disadvantaged Student and Outdoor Learning Area	0	0	0	0
Library Materials & Services	0	0	0	0
Scholarships	0	0	0	0
<i>Total Restricted</i>	0	0	1,362,343	1,156,558
<i>Committed to:</i>				
Underground Storage	11,000	0	0	0
Termination Benefits	171,685	0	0	0
<i>Total Committed</i>	182,685	0	0	0
<i>Assigned to:</i>				
Public School Purposes	58,458	0	0	0
Future Appropriations	1,928,735	0	0	0
Capital Improvements	0	0	0	1,454,022
<i>Total Assigned</i>	1,987,193	0	0	1,454,022
<i>Unassigned (Deficit):</i>	3,843,497	(74,356)	0	0
<i>Total Fund Balances (Deficit)</i>	\$6,023,358	(\$74,356)	\$1,362,343	\$2,610,580

East Clinton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Fund Balances	Building Fund	Classroom Facilities Construction Fund	Nonmajor Governmental Funds	Total
<i>Nonspendable:</i>				
Endowment Fund - Library				
Materials & Services	\$0	\$0	\$300,000	\$300,000
Endowment Fund - Scholarships	0	0	165,997	165,997
Prepays	0	0	265	10,248
Inventory	0	0	5,929	5,929
<i>Total Nonspendable</i>	0	0	472,191	482,174
<i>Restricted for:</i>				
Capital Improvements	6,053,490	7,691,193	0	14,901,241
Debt Payments	0	0	0	1,362,343
Classroom Facilities	0	0	556,423	556,423
Food Service Operations	0	0	915,363	915,363
District Managed Activities	0	0	6,269	6,269
Fine Arts Activities	0	0	36,376	36,376
Federal and State Grants	0	0	7,226	7,226
Student Managed Activities	0	0	41,270	41,270
Disadvantaged Student and Outdoor Learning Area	0	0	300,000	300,000
Library Materials & Services	0	0	33,290	33,290
Scholarships	0	0	12,751	12,751
<i>Total Restricted</i>	6,053,490	7,691,193	1,908,968	18,172,552
<i>Committed to:</i>				
Underground Storage	0	0	0	11,000
Termination Benefits	0	0	0	171,685
<i>Total Committed</i>	0	0	0	182,685
<i>Assigned to:</i>				
Public School Purposes	0	0	0	58,458
Future Appropriations	0	0	0	1,928,735
Capital Improvements	0	0	0	1,454,022
<i>Total Assigned</i>	0	0	0	3,441,215
<i>Unassigned (Deficit):</i>	0	0	(80,612)	3,688,529
<i>Total Fund Balances (Deficit)</i>	\$6,053,490	\$7,691,193	\$2,300,547	\$25,967,155

East Clinton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 21 - 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2022, if applicable, cannot be determined at this time.

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2022 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2022 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District. As of the date of this report, the School District had a receivable of \$2,349 related to FTE adjustments.

Litigation

The School District is of the opinion that the ultimate disposition of any legal proceedings will not have a material effect, if any, on the financial condition of the School District.

Note 22 – COVID 19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2022, the School District received COVID-19 funding. The financial impact of COVID-19 and the continuing recovery measures will impact subsequent periods of the School District. The impact on the School District's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

East Clinton Local School District
Required Supplementary Information

East Clinton Local School District
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Nine Fiscal Years (1)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
School District's Proportion of the Net Pension Liability	0.06762650%	0.06804540%	0.07168830%
School District's Proportionate Share of the Net Pension Liability	\$2,495,222	\$4,500,667	\$4,289,237
School District's Covered Payroll	\$2,432,357	\$2,385,521	\$2,267,415
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	102.58%	188.67%	189.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.07159560%	0.06357970%	0.06612030%	0.06588870%	0.06586000%	0.06586000%
\$4,100,412	\$3,798,746	\$4,839,396	\$3,759,673	\$3,333,137	\$3,916,483
\$2,313,230	\$2,246,729	\$1,939,171	\$1,995,036	\$2,125,344	\$2,072,786
177.26%	169.08%	249.56%	188.45%	156.83%	188.95%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

East Clinton Local School District
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Six Fiscal Years (1)

	2022	2021	2020
School District's Proportion of the Net OPEB Liability	0.07006440%	0.07066660%	0.07347520%
School District's Proportionate Share of the Net OPEB Liability	\$1,326,027	\$1,535,816	\$1,847,748
School District's Covered Payroll	\$2,432,357	\$2,385,521	\$2,267,415
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	54.52%	64.38%	81.49%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.07247840%	0.06469740%	0.06704290%
\$2,010,746	\$1,736,308	\$1,910,971
\$2,313,230	\$2,246,729	\$1,939,171
86.92%	77.28%	98.55%
13.57%	12.46%	11.49%

East Clinton Local School District
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Nine Fiscal Years (1)

	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.052583607%	0.052229100%	0.053120320%
School District's Proportionate Share of the Net Pension Liability	\$6,723,287	\$12,637,585	\$11,747,240
School District's Covered Payroll	\$6,507,500	\$7,188,750	\$5,520,579
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	103.32%	175.80%	212.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.052535840%	0.050956530%	0.051113430%	0.049848830%	0.051243550%	0.051243550%
\$11,551,451	\$12,104,834	\$17,109,206	\$13,776,758	\$12,464,205	\$14,847,279
\$6,046,214	\$5,533,443	\$5,941,914	\$5,207,679	\$5,187,300	\$4,456,846
191.05%	218.76%	287.94%	264.55%	240.28%	333.13%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

East Clinton Local School District
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
 State Teachers Retirement System of Ohio
 Last Six Fiscal Years (1)

	2022	2021	2020
School District's Proportion of the Net OPEB Liability (Asset)	0.052583607%	0.052229100%	0.053120320%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$1,108,684)	(\$917,926)	(\$879,800)
School District's Covered Payroll	\$6,507,500	\$7,188,750	\$5,520,579
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered - Payroll	(17.04%)	(12.77%)	(15.94%)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	174.70%	182.10%	174.70%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2019	2018	2017
0.052535840%	0.050956530%	0.051113430%
(\$844,197)	\$1,988,134	\$2,733,560
\$6,046,214	\$5,533,443	\$5,941,914
(13.96%)	35.93%	46.00%
176.00%	47.10%	37.30%

East Clinton Local School District
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net Pension Liability				
Contractually Required Contribution	\$353,268	\$340,530	\$333,973	\$306,101
Contributions in Relation to the Contractually Required Contribution	<u>(353,268)</u>	<u>(340,530)</u>	<u>(333,973)</u>	<u>(306,101)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$2,523,343	\$2,432,357	\$2,385,521	\$2,267,415
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.50%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	45,530	46,546	45,663	56,225
Contributions in Relation to the Contractually Required Contribution	<u>(45,530)</u>	<u>(46,546)</u>	<u>(45,663)</u>	<u>(56,225)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.80%</u>	<u>1.91%</u>	<u>1.91%</u>	<u>2.48%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.80%</u>	<u>15.91%</u>	<u>15.91%</u>	<u>15.98%</u>

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014	2013
\$312,286	\$314,542	\$271,484	\$262,946	\$294,573	\$286,874
(312,286)	(314,542)	(271,484)	(262,946)	(294,573)	(286,874)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,313,230	\$2,246,729	\$1,939,171	\$1,995,036	\$2,125,344	\$2,072,786
<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>	<u>13.86%</u>	<u>13.84%</u>
50,032	36,088	34,084	51,158	36,730	36,204
(50,032)	(36,088)	(34,084)	(51,158)	(36,730)	(36,204)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>2.16%</u>	<u>1.61%</u>	<u>1.76%</u>	<u>2.56%</u>	<u>1.73%</u>	<u>1.75%</u>
<u>15.66%</u>	<u>15.61%</u>	<u>15.76%</u>	<u>15.74%</u>	<u>15.59%</u>	<u>15.59%</u>

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net Pension Liability				
Contractually Required Contribution	\$964,919	\$911,050	\$1,006,425	\$772,881
Contributions in Relation to the Contractually Required Contribution	<u>(964,919)</u>	<u>(911,050)</u>	<u>(1,006,425)</u>	<u>(772,881)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (2)	\$6,892,279	\$6,507,500	\$7,188,750	\$5,520,579
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

See accompanying notes to the required supplementary information

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$846,470	\$774,682	\$831,868	\$729,075	\$674,349	\$579,390
<u>(846,470)</u>	<u>(774,682)</u>	<u>(831,868)</u>	<u>(729,075)</u>	<u>(674,349)</u>	<u>(579,390)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,046,214	\$5,533,443	\$5,941,914	\$5,207,679	\$5,187,300	\$4,456,846
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$0	\$0	\$0	\$0	\$51,873	\$44,568
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(51,873)</u>	<u>(44,568)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

East Clinton Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2022, an assumption of 2.0 percent was used for COLA or Ad Hoc Cola. For fiscal years 2018 through 2021, an assumption of 2.5 percent was used. Prior to 2018, an assumption of 3 percent was used.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented below:

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Amounts reported for 2022 use mortality rates based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions – STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented below:

East Clinton Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

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

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

Net OPEB Liability

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

East Clinton Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

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

Municipal Bond Index Rate:	
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

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

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

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

Changes in Benefit Terms – STRS OPEB

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

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

East Clinton Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

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

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

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022, premium based on June 30, 2021, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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EAST CLINTON LOCAL SCHOOL DISTRICT
CLINTON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Total Federal Revenues	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	3L60	46,867	46,867
Cash Assistance:				
Seamless Summer-National School Breakfast Program	10.553	3L70	247,972	247,972
Total National School Breakfast Program			<u>247,972</u>	<u>247,972</u>
School Lunch Program:				
Seamless Summer-National School Lunch Program	10.555	3L60	612,577	450,789
COVID 19 - Emergency Operating Cost Funds	10.555	3L60	9,345	9,345
COVID 19 - Supply Chain Funds	10.555	3L60	25,275	
Total National School Lunch Program			<u>647,197</u>	<u>460,134</u>
Total Child Nutrition Cluster			942,036	754,973
COVID 19 - P-EBT Fund	10.649	3HF0	614	614
Total U.S. Department of Agriculture			<u>942,650</u>	<u>755,587</u>
U.S. DEPARTMENT OF THE TREASURY				
<i>Passed Through Ohio Department of Education</i>				
COVID-19 Coronavirus Relief Fund	21.019	5CV1-21	445	
COVID-19 Coronavirus Relief Funds-Broadband	21.019	5CV1-22	251	251
Total Coronavirus Relief Fund			<u>696</u>	<u>251</u>
Total U.S. Department of the Treasury			<u>696</u>	<u>251</u>
U.S. DEPARTMENT OF EDUCATION				
<i>Passed through Ohio Department of Education</i>				
Special Education Grants to State Cluster:				
Special Education - Grants to States	84.027	3M20-21	51,340	52,362
Special Education - Grants to States	84.027	3M20-22	267,660	267,646
Total Special Education Grants to State - IDEA Part B			<u>319,000</u>	<u>320,008</u>
Preschool Special Education-Grants to States	84.173	3C50	25,197	36,665
Total Special Education Preschool Grants-IDEA Preschool			<u>25,197</u>	<u>36,665</u>
Total Special Education Grants to States Cluster			<u>344,197</u>	<u>356,673</u>
Title 1 Grants to Local Educational Agencies	84.010	3M00-21	68,991	71,520
Title 1 Grants to Local Educational Agencies	84.010	3M00-22	379,987	379,948
Title I Grants to Local Education Agencies-School Quality Grant	84.010	3M00-21	11,400	
Title I Grants to Local Education Agencies-School Quality Grant	84.010	3M00-22	51,527	51,527
Total Title I Grants to Local Educational Agencies			<u>511,905</u>	<u>502,995</u>
Improving Teacher Quality State Grants	84.367	3Y60-21	79	
Improving Teacher Quality State Grants	84.367	3Y60-22	54,406	54,406
Total Title IIA - Improving Teacher Quality			<u>54,485</u>	<u>54,406</u>
Title IV-B Rural & Low Income	84.358	3Y80-21	8,400	
Title IV-B Rural & Low Income	84.358	3Y80-22	3,897	3,897
Total IV-B Rural & Low Income			<u>12,297</u>	<u>3,897</u>
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	3HS0-I-21	4,546	
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	3HS0-I-22	9,180	11,820
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	3HS0-II-21	1,254,077	
COVID-19 Elementary and Secondary School Emergency Relief Fund-ARP	84.425U	3HS0-ARP-22	1,795,679	347,030
Total ESSER Funds			<u>3,063,482</u>	<u>358,850</u>
Total U.S. Department of Education			<u>3,986,366</u>	<u>1,276,821</u>
Total Expenditures of Federal Awards			<u><u>\$4,929,712</u></u>	<u><u>\$2,032,659</u></u>

The accompanying notes are an integral part of this schedule.

**EAST CLINTON LOCAL SCHOOL DISTRICT
CLINTON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of East Clinton Local School District (the District's) under programs of the federal government for the year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F – TRANSFERS

Federal regulations require School Districts to obligate certain federal awards by June 30. However, with the Ohio Department of Education's consent, School Districts can transfer certain unobligated amounts to the subsequent fiscal year or a similar program. During fiscal year 2021, the District with the Ohio Department of Education's consent transferred \$27,974.21 from Title IV-A Student Support and Academic Enrichment (CFDA # 84,424) to Title I-A Grants to Local Education Educational Agencies (CFDA #84.010), in the amount of \$27,974.21.

OHIO AUDITOR OF STATE KEITH FABER



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

East Clinton Local School District
Clinton County
97 Astro Way
Sabina, Ohio 45169

To the Board of Education:

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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Clinton Local School District, Clinton County, (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 16, 2023 wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

Report on 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 opinion 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 District'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 or significant deficiencies may exist that were not identified.

Report on 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

March 16, 2023

OHIO AUDITOR OF STATE KEITH FABER



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

East Clinton Local School District
Clinton County
97 Astro Way
Sabina, Ohio 45169

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited East Clinton Local School District's, Clinton County, (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on East Clinton Local School District's major federal program for the year ended June 30, 2022. East Clinton Local School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, East Clinton Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
March 16, 2023

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**EAST CLINTON LOCAL SCHOOL DISTRICT
CLINTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	-Child Nutrition Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



EAST CLINTON LOCAL SCHOOL DISTRICT

CLINTON 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 3/30/2023

88 East Broad Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
www.ohioauditor.gov