



OHIO AUDITOR OF STATE
KEITH FABER



**DAWSON-BRYANT LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
JUNE 30, 2020**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet	
Governmental Funds	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) General Fund.....	19
Statement of Changes in Fiduciary Net Position – Custodial Fund	20
Notes to the Basic Financial Statements	21
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability - School Employees Retirement System of Ohio – Last Seven Fiscal Years.....	58
Schedule of the School District's Proportionate Share of the Net Pension Liability - State Teachers Retirement System of Ohio – Last Seven Fiscal Years.....	60
Schedule of the School District's Proportionate Share of the Net OPEB Liability - School Employees Retirement System of Ohio – Last Four Fiscal Years.....	62
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset) - State Teachers Retirement System of Ohio – Last Four Fiscal Years	63
Schedule of the School District's Contributions – School Employees Retirement System of Ohio – Last Ten Fiscal Years.....	64

**DAWSON-BRYANT LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
JUNE 30, 2020**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Schedule of the School District's Contributions – State Teachers Retirement System of Ohio – Last Ten Fiscal Years	66
Notes to Required Supplementary Information.....	69
Schedule of Expenditures of Federal Awards	73
Notes to the Schedule of Expenditures of Federal Awards.....	74
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	75
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	77
Schedule of Findings.....	79

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Dawson-Bryant Local School District
Lawrence County
701 High Street
Coal Grove, Ohio 45638

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Dawson-Bryant Local School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Dawson-Bryant Local School District, Lawrence County, Ohio, as of June 30, 2020, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2021, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
February 22, 2021

This page intentionally left blank.

Dawson-Bryant Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2020

Unaudited

The discussion and analysis of the Dawson-Bryant Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2020 are as follows:

- Net Position of governmental activities decreased \$836,885.
- General revenues accounted for \$11,929,073 in revenue or 68.6 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$5,461,584 or 31.4 percent of total revenues of \$17,390,657.
- The School District had \$18,227,542 in expenses related to governmental activities; only \$5,461,584 of these expenses were offset by program specific charges for services and sales, grants, contributions, and interest. General revenues (primarily taxes and intergovernmental) of \$11,929,073 were not adequate to cover the remaining expenses.
- Total governmental funds had \$17,454,447 in revenues and \$16,375,379 in expenditures. The total governmental fund balances increased \$1,079,068.

USING THE BASIC FINANCIAL STATEMENTS

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

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

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2020?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Dawson-Bryant Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2020

Unaudited

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

Fiduciary Funds The School District accounts for resources held for the benefit of parties outside the government as fiduciary funds. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the School District's own programs. The School District uses accrual accounting for fiduciary funds.

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 for 2020 compared to 2019.

Dawson-Bryant Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2020

Unaudited

Table 1
Net Position

	2020	2019	Change
Assets			
Current and Other Assets	\$10,898,435	\$9,794,761	\$1,103,674
Capital Assets	22,329,600	23,397,704	(1,068,104)
Net OPEB Asset	814,732	800,251	14,481
Total Assets	<u>34,042,767</u>	<u>33,992,716</u>	<u>50,051</u>
Deferred Outflows of Resources			
Pension	2,991,785	4,231,701	(1,239,916)
OPEB	387,337	346,834	40,503
Total Deferred Outflows	<u>3,379,122</u>	<u>4,578,535</u>	<u>(1,199,413)</u>
Liabilities			
Other Liabilities	1,507,685	1,398,417	109,268
Long-Term Liabilities			
Due Within One Year	142,927	146,329	(3,402)
Due in More Than One Year			
Net Pension Liability	14,329,007	14,380,098	(51,091)
Net OPEB Liability	1,483,043	1,679,047	(196,004)
Other Amounts	1,450,171	1,470,767	(20,596)
Total Liabilities	<u>18,912,833</u>	<u>19,074,658</u>	<u>(161,825)</u>
Deferred Inflow of Resources			
Property Taxes	1,106,790	1,128,343	(21,553)
Pension	1,070,014	1,244,197	(174,183)
OPEB	1,505,456	1,460,372	45,084
Total Deferred Inflow of Resources	<u>3,682,260</u>	<u>3,832,912</u>	<u>(150,652)</u>
Net Position			
Net Investment in Capital Assets	21,624,600	22,577,704	(953,104)
Restricted	1,087,325	786,120	301,205
Unrestricted (Deficit)	(7,885,129)	(7,700,143)	(184,986)
Total Net Position	<u>\$14,826,796</u>	<u>\$15,663,681</u>	<u>(\$836,885)</u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2020. 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.

Dawson-Bryant Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2020

Unaudited

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

Total assets of governmental activities increased \$50,051. This is primarily due to an increase in cash and cash equivalents and an increase in property taxes receivable, which was offset by a decrease in capital assets due to depreciation. Total liabilities decreased by \$161,825. This was primarily due to the net pension liability decrease of \$51,091, the net OPEB liability decrease of \$196,004, and the repayment of debt. These decreases were offset by increases in accounts payable, accrued wages and intergovernmental payable.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2020, and comparisons to fiscal year 2019.

Dawson-Bryant Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2020

Unaudited

Table 2
Changes in Net Position

Revenues	<u>2020</u>	<u>2019</u>	<u>Change</u>
Program Revenues:			
Charges for Services and Sales	\$1,912,632	\$1,856,368	\$56,264
Operating Grants, Contributions and Interest	3,449,499	3,148,931	300,568
Capital Grants and Contributions	99,453	22,000	77,453
Total Program Revenues	<u>5,461,584</u>	<u>5,027,299</u>	<u>434,285</u>
General Revenues:			
Property Taxes	1,562,827	1,359,063	203,764
Grants and Entitlements	10,031,565	10,187,778	(156,213)
Investment Earnings	243,734	195,066	48,668
Gain on Sale of Capital Assets	0	1,501	(1,501)
Miscellaneous	90,947	221,977	(131,030)
Total General Revenues	<u>11,929,073</u>	<u>11,965,385</u>	<u>(36,312)</u>
Total Revenues	<u>17,390,657</u>	<u>16,992,684</u>	<u>397,973</u>
Program Expenses			
Instruction:			
Regular	8,189,118	6,822,141	1,366,977
Special	1,987,262	2,029,657	(42,395)
Vocational	176,317	200,438	(24,121)
Adult/Continuing	104,351	120,250	(15,899)
Student Intervention Services	162,844	165,880	(3,036)
Support Services:			0
Pupils	687,397	584,342	103,055
Instructional Staff	244,821	313,014	(68,193)
Board of Education	83,925	85,272	(1,347)
Administration	1,199,692	957,252	242,440
Fiscal	472,477	429,845	42,632
Business	50,753	56,555	(5,802)
Operation and Maintenance of Plant	1,762,031	1,628,830	133,201
Pupil Transportation	1,267,686	1,126,797	140,889
Central	439,861	337,307	102,554
Operation of Non-Instructional Services:			
Food Service Operations	718,758	726,695	(7,937)
Community Services	7,625	6,851	774
Extracurricular Activities	619,161	681,701	(62,540)
Interest and Fiscal Charges	53,463	61,333	(7,870)
Total Expenses	<u>18,227,542</u>	<u>16,334,160</u>	<u>1,893,382</u>
Change in Net Position	(836,885)	658,524	(1,495,409)
Net Position at Beginning of Year	<u>15,663,681</u>	<u>15,005,157</u>	<u>658,524</u>
Net Position at End of Year	<u>\$14,826,796</u>	<u>\$15,663,681</u>	<u>(\$836,885)</u>

The largest component of the increase in program expenses results from changes in benefit terms related to OPEB in the prior year. For the prior year, STRS adopted certain changes in benefit terms. As a result of these changes, OPEB expense for STRS increased from a negative \$1,724,867 in fiscal year 2019 to a negative OPEB expense of \$240,200 for fiscal year 2020.

Dawson-Bryant Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2020

Unaudited

Property taxes made up approximately 9.0 percent of revenues for governmental activities for the Dawson-Bryant Local School District. Of the remaining revenues, the School District receives 78.1 percent from state foundation, federal, and state grants, and contributions; 11.0 percent from charges for services; and 1.9 percent from investment earnings and miscellaneous.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As the result of legislation enacted in 1976, the overall revenue generated by a levy will not increase solely as a result of inflation. Property taxes made up just 9.0 percent of revenues for governmental activities for Dawson-Bryant Local School District in 2020. Additionally, increases in property taxes would only have a nominal effect upon the School District's total revenue. This is due to the funding formula in place in Ohio, any increase in property tax revenue would be offset by a corresponding decrease in state funding the School District would receive.

Approximately 58.2 percent of the School District's budget for expenditures is used to fund instructional expenses. Support services make up 34.1 percent of expenses and 7.7 percent is used for interest and fiscal charges, extracurricular activities, food service operations, and community services.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services. In other words, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

Table 3
Cost of Services

	2020 Total Cost of Services	2020 Net Cost of Services	2019 Total Cost of Services	2019 Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$8,189,118	\$5,768,592	\$6,822,141	\$4,660,900
Special	1,987,262	503,753	2,029,657	613,320
Vocational	176,317	122,498	200,438	140,676
Adult/Continuing	104,351	104,351	120,250	120,250
Student Intervention Services	162,844	162,844	165,880	165,880
Support Services:				
Pupils	687,397	613,582	584,342	459,356
Instructional Staff	244,821	107,287	313,014	208,841
Board of Education	83,925	80,434	85,272	76,979
Administration	1,199,692	1,157,368	957,252	912,457
Fiscal	472,477	472,477	429,845	429,845
Business	50,753	50,753	56,555	56,555
Operation and Maintenance of Plant	1,762,031	1,702,293	1,628,830	1,572,509
Pupil Transportation	1,267,686	919,849	1,126,797	1,021,287
Central	439,861	272,298	337,307	187,907
Non-Instructional Services:				
Food Service Operations	718,758	190,415	726,695	134,346
Community Services	7,625	7,625	6,851	3,668
Extracurricular Activities	619,161	476,076	681,701	480,752
Interest and Fiscal Charges	53,463	53,463	61,333	61,333
Totals	\$18,227,542	\$12,765,958	\$16,334,160	\$11,306,861

Dawson-Bryant Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2020

Unaudited

The dependence upon tax revenues and state subsidies for governmental activities is apparent. 70.0 percent of total expenses are supported through taxes and other general revenues.

THE SCHOOL DISTRICT FUNDS

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$17,454,447 and expenditures of \$16,375,379.

The fund balance of the General Fund increased \$855,401. The General Fund's unassigned fund balance of \$5,150,493 represented 37.8% of current year expenditures.

General Fund Budgeting Highlights

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

During the course of fiscal 2020, the School District amended its General Fund estimated revenues. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, final estimated revenues were \$14,755,362. Original estimated revenues were increased \$137,735 mainly to account for increases in foundation revenue. The final revenues of \$14,828,858 were \$73,496 above final budget basis revenues. Final expenditures of \$14,352,098 were \$304,463 below the final appropriations of \$14,656,561. Original appropriations were decreased \$397,295.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2020, the School District had \$22,329,600 invested in capital assets. Table 4 shows fiscal year 2020 balances compared to 2019.

Table 4
Capital Assets
(Net of Depreciation)

	2020	2019
Land	\$946,107	\$878,678
Construction in Progress	7,500	0
Land Improvements	927,939	1,035,270
Buildings and Improvements	19,691,794	20,759,570
Furniture, Fixtures, and Equipment	471,210	466,038
Vehicles	285,050	258,148
Totals	<u>\$22,329,600</u>	<u>\$23,397,704</u>

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

Dawson-Bryant Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2020

Unaudited

Debt

The School has two direct placements of debt outstanding. Table 5 shows fiscal year 2020 balances compared to 2019.

Table 5
Outstanding Debt, at Fiscal Year End

	<u>2020</u>	<u>2019</u>
2011 Qualified School Construction Bond	\$300,000	\$350,000
2011 Certificates of Participation	<u>405,000</u>	<u>470,000</u>
Totals	<u>\$705,000</u>	<u>\$820,000</u>

For additional information on debt, see Note 15 to the basic financial statements.

CURRENT ISSUES

The School District is not without its challenges. These challenges are external and internal in nature. The internal challenges continued to exist, as the School District relied heavily on local property taxes. Due to slow economic growth, management diligently planned expenses from the modest growth attained, staying carefully within its five-year forecast.

Externally, the School District is largely dependent on State funding sources (approximately 78.1 percent of the School District's operating funds come from State foundation payments and other entitlements). State foundation revenue is fundamentally a function of student enrollment and a district's property tax wealth.

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

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions or need additional information, contact Brad Miller, Treasurer at Dawson-Bryant Local School District, 701 High Street, Coal Grove, Ohio 45638.

Dawson-Bryant Local School District, Ohio

Statement of Net Position

June 30, 2020

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$9,084,125
Intergovernmental Receivable	228,884
Accounts Receivable	863
Accrued Interest Receivable	16,681
Inventory Held for Resale	5,875
Materials and Supplies Inventory	2,569
Prepaid Items	48,038
Property Taxes Receivable	1,511,400
Nondepreciable Capital Assets	953,607
Depreciable Capital Assets, Net	21,375,993
Net OPEB Asset	814,732
<i>Total Assets</i>	<u>34,042,767</u>
Deferred Outflow of Resources	
Pension	2,991,785
OPEB	387,337
<i>Total Deferred Outflows of Resources</i>	<u>3,379,122</u>
Liabilities	
Accounts Payable	88,061
Accrued Wages and Benefits Payable	1,151,318
Accrued Interest Payable	4,172
Intergovernmental Payable	264,134
Long-Term Liabilities:	
Due within One Year	142,927
Due in More than One Year:	
Net Pension Liability	14,329,007
Net OPEB Liability	1,483,043
Other Amounts Due in More Than One Year	1,450,171
<i>Total Liabilities</i>	<u>18,912,833</u>
Deferred Inflow of Resources	
Property Taxes	1,106,790
Pension	1,070,014
OPEB	1,505,456
<i>Total Deferred Inflow of Resources</i>	<u>3,682,260</u>
Net Position	
Net Investment in Capital Assets	21,624,600
Restricted for:	
Classroom Facilities Maintenance	624,964
State Grant Expenditures	333,358
Athletics	68,162
Student Activities	40,844
Scholarships	18,079
Unclaimed Monies	1,918
Unrestricted (Deficit)	(7,885,129)
<i>Total Net Position</i>	<u>\$14,826,796</u>

See accompanying notes to the general purpose external financial statements

Dawson-Bryant Local School District, Ohio

Statement of Activities

For the Fiscal Year Ended June, 30, 2020

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$8,189,118	\$1,695,279	\$725,247	\$0	(\$5,768,592)
Special	1,987,262	3,849	1,479,660	0	(503,753)
Vocational	176,317	0	53,819	0	(122,498)
Adult/Continuing	104,351	0	0	0	(104,351)
Student Intervention Services	162,844	0	0	0	(162,844)
Support Services:					
Pupils	687,397	0	73,815	0	(613,582)
Instructional Staff	244,821	45,322	92,212	0	(107,287)
Board of Education	83,925	1,077	2,414	0	(80,434)
Administration	1,199,692	0	42,324	0	(1,157,368)
Fiscal	472,477	0	0	0	(472,477)
Business	50,753	0	0	0	(50,753)
Operation and Maintenance of Plant	1,762,031	0	59,738	0	(1,702,293)
Pupil Transportation	1,267,686	0	279,634	68,203	(919,849)
Central	439,861	0	167,563	0	(272,298)
Operation of Non-Instructional Services:					
Food Service Operations	718,758	24,947	472,146	31,250	(190,415)
Community Services	7,625	0	0	0	(7,625)
Extracurricular Activities	619,161	142,158	927	0	(476,076)
Interest and Fiscal Charges	53,463	0	0	0	(53,463)
Totals	\$18,227,542	\$1,912,632	\$3,449,499	\$99,453	(12,765,958)
General Revenues					
Property Taxes Levied for General Purposes					1,562,827
Grants and Entitlements not Restricted to Specific Programs					10,031,565
Investment Earnings					243,734
Miscellaneous					90,947
Total General Revenues					11,929,073
Change in Net Position					(836,885)
Net Position at Beginning of Year					15,663,681
Net Position at End of Year					\$14,826,796

See accompanying notes to the general purpose external financial statements

Dawson-Bryant Local School District, Ohio

*Balance Sheet
Governmental Funds
June 30, 2020*

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$7,518,563	\$1,563,644	\$9,082,207
Receivables:			
Property Taxes	1,511,400	0	1,511,400
Intergovernmental	16,448	212,436	228,884
Accounts	863	0	863
Accrued Interest	16,681	0	16,681
Interfund	69,085	0	69,085
Prepaid Items	45,816	2,222	48,038
Inventory Held for Resale	0	5,875	5,875
Materials and Supplies Inventory	0	2,569	2,569
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	1,918	0	1,918
Total Assets	\$9,180,774	\$1,786,746	\$10,967,520
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$81,599	\$6,462	\$88,061
Accrued Wages and Benefits Payable	1,037,849	113,469	1,151,318
Intergovernmental Payable	255,645	8,489	264,134
Interfund Payable	0	69,085	69,085
Total Liabilities	1,375,093	197,505	1,572,598
Deferred Inflows of Resources			
Property Taxes	1,106,790	0	1,106,790
Unavailable Revenue	205,574	37,298	242,872
Total Deferred Inflows of Resources	1,312,364	37,298	1,349,662
Fund Balances			
Nonspendable:			
Inventories	0	2,569	2,569
Prepaid Items	45,816	2,222	48,038
Unclaimed Monies	1,918	0	1,918
Restricted for:			
Athletics	0	68,162	68,162
Classroom Facilities Maintenance	0	624,964	624,964
State Grant Expenditures	0	333,358	333,358
Student Activities	0	40,844	40,844
Committed to:			
Capital Improvements	5,000	89,630	94,630
Scholarships	0	18,079	18,079
Severance Benefits	86,080	0	86,080
Assigned to:			
Purchases on Order	776,888	0	776,888
Subsequent Year Appropriations	378,532	0	378,532
Student Support	48,590	0	48,590
Capital Improvements	0	447,890	447,890
Unassigned (Deficit)	5,150,493	(75,775)	5,074,718
Total Fund Balances	6,493,317	1,551,943	8,045,260
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$9,180,774	\$1,786,746	\$10,967,520

See accompanying notes to the general purpose external financial statements

Dawson-Bryant Local School District, Ohio
*Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2020*

Total Governmental Fund Balances	\$8,045,260
---	--------------------

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

Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.	22,329,600
---	------------

Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:

Delinquent Property Taxes	187,850	
Tuition and Fees	11,631	
Intergovernmental Revenues	37,298	
Investment Earnings	6,093	242,872

The net pension liability and net opeb liability/asset is not due and payable in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in the governmental funds:

Deferred Outflows - Pension	2,991,785	
Deferred Inflows - Pension	(1,070,014)	
Net Pension Liability	(14,329,007)	
Deferred Outflows - OPEB	387,337	
Deferred Inflows - OPEB	(1,505,456)	
Net OPEB Asset	814,732	
Net OPEB Liability	(1,483,043)	(14,193,666)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Qualified School Construction Bonds	(300,000)	
Certificates of Participation	(405,000)	
Accrued Interest Payable	(4,172)	
Compensated Absences	(888,098)	(1,597,270)

Net Position of Governmental Activities	\$14,826,796
---	---------------------

See accompanying notes to the general purpose external financial statements

Dawson-Bryant Local School District, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$1,543,702	\$0	\$1,543,702
Intergovernmental	11,366,661	2,252,441	13,619,102
Investment Earnings	247,731	0	247,731
Tuition and Fees	1,695,173	0	1,695,173
Charges for Services and Sales	0	24,947	24,947
Extracurricular Activities	45,658	143,437	189,095
Gifts and Donations	200	24,396	24,596
Miscellaneous	109,619	482	110,101
<i>Total Revenues</i>	<u>15,008,744</u>	<u>2,445,703</u>	<u>17,454,447</u>
Expenditures			
Current:			
Instruction:			
Regular	6,719,646	615,362	7,335,008
Special	1,473,817	328,642	1,802,459
Vocational	152,651	0	152,651
Adult/Continuing	104,351	0	104,351
Student Intervention Services	162,844	0	162,844
Support Services:			
Pupils	605,529	0	605,529
Instructional Staff	149,633	78,965	228,598
Board of Education	39,625	10,000	49,625
Administration	981,147	42,633	1,023,780
Fiscal	410,483	0	410,483
Business	50,753	0	50,753
Operation and Maintenance of Plant	1,354,629	135,061	1,489,690
Pupil Transportation	853,842	155,805	1,009,647
Central	241,334	163,536	404,870
Operation of Non-Instructional Services	7,625	636,094	643,719
Extracurricular Activities	316,149	161,578	477,727
Capital Outlay	10,515	243,986	254,501
Debt Service:			
Principal Retirement	0	115,000	115,000
Interest and Fiscal Charges	0	54,144	54,144
<i>Total Expenditures</i>	<u>13,634,573</u>	<u>2,740,806</u>	<u>16,375,379</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,374,171</u>	<u>(295,103)</u>	<u>1,079,068</u>
Other Financing Sources (Uses)			
Transfers In	0	518,770	518,770
Transfers Out	(518,770)	0	(518,770)
<i>Total Other Financing Sources (Uses)</i>	<u>(518,770)</u>	<u>518,770</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	855,401	223,667	1,079,068
<i>Fund Balances at Beginning of Year</i>	<u>5,637,916</u>	<u>1,328,276</u>	<u>6,966,192</u>
<i>Fund Balances at End of Year</i>	<u><u>\$6,493,317</u></u>	<u><u>\$1,551,943</u></u>	<u><u>\$8,045,260</u></u>

See accompanying notes to the general purpose external financial statements

Dawson-Bryant Local School District, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2020*

Net Change in Fund Balances - Total Governmental Funds \$1,079,068

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

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

Capital Asset Additions	356,409	
Depreciation Expense	<u>(1,424,513)</u>	(1,068,104)

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

Delinquent Property Taxes	19,125	
Tuition and Fees	3,417	
Intergovernmental Revenues	(63,181)	
Investment Earnings	(3,997)	
Miscellaneous	<u>(19,154)</u>	(63,790)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 115,000

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities:

Accrued Interest Payable		681
--------------------------	--	-----

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

Pension	1,111,686	
OPEB	<u>26,337</u>	1,138,023

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

Pension	(2,126,328)	
OPEB	<u>179,567</u>	(1,946,761)

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

Compensated Absences	<u>(91,002)</u>	<u>(91,002)</u>
----------------------	-----------------	-----------------

Change in Net Position of Governmental Activities (\$836,885)

See accompanying notes to the basic financial statements

Dawson-Bryant Local School District, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
General Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$1,365,646	\$1,442,032	\$1,442,031	(\$1)
Intergovernmental	11,464,484	11,362,319	11,425,517	63,198
Investment Earnings	150,000	155,000	164,518	9,518
Tuition and Fees	1,577,497	1,694,522	1,695,173	651
Miscellaneous	60,000	101,489	101,619	130
<i>Total Revenues</i>	<u>14,617,627</u>	<u>14,755,362</u>	<u>14,828,858</u>	<u>73,496</u>
Expenditures				
Current:				
Instruction:				
Regular	7,364,511	7,167,791	6,991,044	176,747
Special	1,598,081	1,555,088	1,468,736	86,352
Vocational	173,921	169,192	163,480	5,712
Adult/Continuing	112,762	109,685	204,351	(94,666)
Student Intervention Services	176,819	171,994	163,630	8,364
Support Services:				
Pupils	682,861	664,740	627,251	37,489
Instructional Staff	122,615	119,269	113,469	5,800
Board of Education	43,492	42,341	39,339	3,002
Administration	1,047,409	1,019,039	968,161	50,878
Fiscal	462,371	450,307	443,289	7,018
Business	68,051	66,495	61,610	4,885
Operation and Maintenance of Plant	1,554,461	1,515,661	1,502,263	13,398
Pupil Transportation	972,750	947,999	960,045	(12,046)
Central	297,924	290,995	291,659	(664)
Operation of Non-Instructional Services	14,032	13,989	8,625	5,364
Extracurricular Activities	349,293	339,784	327,631	12,153
Capital Outlay	12,503	12,192	17,515	(5,323)
<i>Total Expenditures</i>	<u>15,053,856</u>	<u>14,656,561</u>	<u>14,352,098</u>	<u>304,463</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(436,229)</u>	<u>98,801</u>	<u>476,760</u>	<u>377,959</u>
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	0	5,449	5,449	0
Transfers Out	(464,960)	(530,770)	(530,770)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(464,960)</u>	<u>(525,321)</u>	<u>(525,321)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(901,189)	(426,520)	(48,561)	377,959
<i>Fund Balance at Beginning of Year</i>	6,040,878	6,040,878	6,040,878	0
Prior Year Encumbrances Appropriated	478,849	478,849	478,849	0
<i>Fund Balance at End of Year</i>	<u><u>\$5,618,538</u></u>	<u><u>\$6,093,207</u></u>	<u><u>\$6,471,166</u></u>	<u><u>\$377,959</u></u>

See accompanying notes to the general purpose external financial statements

Dawson-Bryant Local School District, Ohio
Statement of Changes in Fiduciary Net Position
Custodial Fund
June 30, 2020

Additions

Charges Received for Ohio High School Athletic Association	\$560
--	-------

Deductions

Distributions on Behalf of Ohio High School Athletic Association	<u>560</u>
--	------------

<i>Net Change in Fiduciary Net Position</i>	0
---	---

<i>Net Position Beginning of Year</i>	<u>0</u>
---------------------------------------	----------

<i>Net Position End of Year</i>	<u><u>\$0</u></u>
---------------------------------	-------------------

See accompanying notes to the general purpose external financial statements

Dawson-Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

Note 1 - Description of the School District and Reporting Entity

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by State statute and federal guidelines. This Board of Education controls the School District's four instructional/support facilities staffed by 51 classified employees, 86 certified teaching personnel, and 14 administrative personnel who provide services to 1,003 students and other community members.

Reporting Entity

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

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

The School District participates in the Metropolitan Educational Technology Association (META) and the Coalition of Rural and Appalachian Schools, which are defined as jointly governed organizations, and the Optimal Health Initiatives Workers' Compensation Group Rating Program and the Lawrence County Schools Council of Governments Health Benefits Program, which are defined as insurance purchasing pools. These organizations are presented in Notes 17 and 18.

Note 2 - Summary of Significant Accounting Policies

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

Dawson-Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

A. Basis of Presentation

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

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

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

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

B. 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. There are two categories of funds utilized by the School District: governmental and fiduciary.

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

Dawson-Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

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

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

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

C. Measurement Focus

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

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

Like the government-wide statements, all fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from investment trust, private purpose trust funds, and custodial funds.

D. Basis of Accounting

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

Dawson-Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

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

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, tuition and fees, investment income, and intergovernmental revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 16. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13)

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

Dawson-Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

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

E. Cash and Cash Equivalents

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

During fiscal year 2020, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), negotiable certificates of deposit, and a money market mutual fund.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest is credited to the General Fund. Interest revenue credited to the General Fund during fiscal year 2020 amounted to \$247,731, which includes \$42,761 assigned from other School District funds.

During fiscal year 2020, the School District invested in STAR Ohio. 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 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented as cash and cash equivalents. The School District's certificates of deposit are reported on the financial statements as equity in pooled cash and cash equivalents.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which the services are consumed.

G. Materials and Supplies Inventory

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

Dawson-Bryant Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

H. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	5-20 years
Buildings and Improvements	5-40 years
Furniture, Fixtures, and Equipment	5-15 years
Vehicles	8-10 years

I. Internal Activity

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

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

J. Compensated Absences

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

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

Dawson-Bryant Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

K. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. 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.

L. Fund Balance

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

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

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 it is imposed by law through constitutional provisions.

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

Assigned: Amounts in the assigned fund balance classification are intended to be used by the 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.

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

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

Dawson-Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

unassigned amounts when expenditures are incurred for purposes for which the amounts in any of the unrestricted fund balance classifications can be used.

M. Pensions/Other Postemployment Benefits (OPEB)

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

N. Estimates

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

O. Net Position

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

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

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

Q. Budgetary Process

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

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted

Dawson-Bryant Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed.

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

Note 3 - Change in Accounting Principle

The Governmental Accounting Standards Board (GASB) recently issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The School District evaluated implementing these certain GASB pronouncements based on the guidance in GASB 95.

For fiscal year 2020, the School District implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2018-1*. These changes were incorporated in the School District's 2020 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 - Fund Deficits

The following funds had deficit fund balances as of June 30, 2020:

Special Revenue Funds:	
Food Service	\$35,669
Title VI-B	16,561
Title I	13,369
Miscellaneous Federal Grants	5,385

These deficits resulted from payables recorded in accordance with Generally Accepted Accounting Principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

Dawson-Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than committed or assigned fund balance (GAAP basis).
4. Prepaid items, negative cash advances, and unreported items are reported on the balance sheet (GAAP basis), but not on the cash basis.
5. Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

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

Net Change in Fund Balance	
GAAP Basis	\$855,401
Revenue Accruals	(45,486)
Expenditure Accruals	69,556
Prepaid Items:	
Beginning of Year	34,853
End of Year	(45,816)
Unreported Items:	
Beginning of Year	30,257
End of Year	(112,788)
Negative Cash Advances:	
Beginning of Year	(35,018)
End of Year	69,085
To reclassify excess of revenues and other sources of financial resources over expenditures and other uses of financial resources into financial statement fund types	2,763
Encumbrances	<u>(871,368)</u>
Budget Basis	<u><u>(\$48,561)</u></u>

Note 6 - Deposits and Investments

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

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

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

Dawson-Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), Ohio Pooled Collateral System (OPCS), and by a letter of credit from the First National Bankers Bankshares Capital Markets, LLC.

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible

Dawson-Bryant Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. 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

Investments are reported at fair value. As of June 30, 2020, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Fair Value - Level 1 Inputs				
Money Market Mutual Fund	\$597,965	Less than one year	N/A	8.00%
Fair Value - Level 2 Inputs				
Negotiable Certificates of Deposit	\$3,791,788	8/10/2020-4/17/2025	N/A	50.00%
Net Asset Value Per Share				
STAR Ohio	3,168,023	41.5 days	AAAm	42.00%
Total Investments	<u>\$7,557,776</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, 2020. The School District's investments measured at fair value are 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).

Note 7 - Property Taxes

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

Dawson-Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2020 represents collections of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed value listed as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2020 represents collections of calendar year 2019 taxes. Public utility taxes received in calendar year 2020 became a lien December 31, 2018, were levied after April 1, 2019, and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Lawrence County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real and public utility taxes which are measurable as of June 30, 2020, 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 were 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 of resources – property taxes.

The amount available as an advance for June 30, 2020, was \$216,760 in the General Fund. The amount available as an advance at June 30, 2019, was \$115,089 in the General Fund.

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

The assessed values upon which the fiscal year 2020 taxes were collected are:

	2019 Second Half Collections		2020 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential Commercial/Industrial and Public Utility Real	\$70,748,150	87.21%	\$72,935,350	84.21%
Public Utility Personal	2,415,560	2.98%	3,083,590	3.56%
	7,955,460	9.81%	10,593,430	12.23%
Total	\$81,119,170	100.00%	\$86,612,370	100.00%
Tax Rate per \$1,000 of Assessed Valuation	\$20.60		\$20.60	

Dawson-Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

Note 8 - Receivables

Receivables at June 30, 2020, consisted of property taxes, interfund, accounts, accrued interest, and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. Except for property taxes, all receivables are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be received within one year. The delinquent property taxes amounted to \$187,850.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
21st Century	\$69,415
School Bus Allowance	68,203
Special Education Grants to States	31,770
Title I Grants to Local Educational Agencies	28,774
Title V-B, Rural and Low Income	14,274
State Foundation	11,631
Ohio Bureau of Workers' Compensation	2,540
Medicaid Reimbursements	2,277
Total	\$228,884

Note 9 - Significant Commitments

A. Encumbrances

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

Fund	Amount
General	\$871,368
Nonmajor Governmental Funds	413,824
Total	\$1,285,192

B. Contractual Commitments

As of June 30, 2020, the School District had contractual purchase commitments as follows:

Project	Contract Amount	Amount Expended	Balance at 06/30/2020
Bleacher Replacement	\$68,580	\$0	\$68,580
Wireless Network Upgrade	13,550	0	13,550
Digital Sign at Elementary	15,000	7,500	7,500
Upgrade of Driveway/Parking Lot	5,000	0	5,000
Total	\$102,130	\$7,500	\$94,630

Dawson-Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Balance at 6/30/19	Additions	Deductions	Balance at 6/30/20
Capital Assets:				
Capital Assets not being Depreciated:				
Land	\$878,678	\$67,429	\$0	\$946,107
Construction in Progress	0	7,500	0	7,500
Total Nondepreciable Capital Assets	<u>878,678</u>	<u>74,929</u>	<u>0</u>	<u>953,607</u>
Depreciable Capital Assets:				
Land Improvements	2,435,679	0	0	2,435,679
Buildings and Improvements	39,920,345	110,250	0	40,030,595
Furniture, Fixtures, and Equipment	1,919,711	75,720	0	1,995,431
Vehicles	1,284,327	95,510	0	1,379,837
Total Depreciable Capital Assets	<u>45,560,062</u>	<u>281,480</u>	<u>0</u>	<u>45,841,542</u>
Less Accumulated Depreciation:				
Land Improvements	(1,400,409)	(107,331)	0	(1,507,740)
Buildings and Improvements	(19,160,775)	(1,178,026)	0	(20,338,801)
Furniture, Fixtures, and Equipment	(1,453,673)	(70,548)	0	(1,524,221)
Vehicles	(1,026,179)	(68,608)	0	(1,094,787)
Total Accumulated Depreciation	<u>(23,041,036)</u>	<u>(1,424,513) *</u>	<u>0</u>	<u>(24,465,549)</u>
Total Capital Assets being Depreciated, Net	<u>22,519,026</u>	<u>(1,143,033)</u>	<u>0</u>	<u>21,375,993</u>
Capital Assets, Net	<u>\$23,397,704</u>	<u>(\$1,068,104)</u>	<u>\$0</u>	<u>\$22,329,600</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$440,634
Special	130,338
Vocational	13,720
Support Services:	
Pupils	48,019
Instructional Staff	6,860
Board of Education	34,300
Administration	82,319
Fiscal	27,440
Operation and Maintenance of Plant	163,278
Pupil Transportation	289,014
Central	16,803
Food Service Operations	64,135
Extracurricular Activities	<u>107,653</u>
Total Depreciation Expense	<u>\$1,424,513</u>

The School District's total capital assets being depreciated amount above included \$4,580,948 in fully depreciated capital assets.

Dawson-Bryant Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 11 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2020, the School District contracted with Wright Specialty Insurance Agency, LLC for the following coverage:

Property	Deductible	Limits of Coverage
Building and Contents - Replacement Cost	\$2,500	\$49,281,431
General Liability:		
Each Occurrence	0	1,000,000
Aggregate Limit	0	2,000,000
Products - Completed Operations Aggregate Limit	0	2,000,000
Personal and Advertising Injury Limit - Each Offense	0	1,000,000
Employers' Liability:		
Each Occurrence	2,500	1,000,000
Aggregate Limit	2,500	1,000,000
Educators Legal Liability:		
Each Occurrence	2,500	1,000,000
Aggregate Limit	2,500	1,000,000
Vehicles:		
Bodily Injury:		
Per Person	500	1,000,000
Per Accident	500	1,000,000
Property Damage	500	1,000,000
Uninsured Motorist:		
Per Person	500	1,000,000
Per Accident	500	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from fiscal year 2019.

For fiscal year 2020, the School District participated in the Optimal Health Initiatives Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate of the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice, Inc. Managed Care Organization provides administrative, cost control, and actuarial services to the GRP.

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

Dawson-Bryant Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 12 - Defined Benefit Pension Plans

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

A. Net Pension Liability/Net OPEB Liability

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

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

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

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

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

Dawson-Bryant Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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

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, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2020, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$276,094 for fiscal year 2020. Of this amount, \$21,788 is reported as an intergovernmental payable.

Dawson-Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

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.

Dawson-Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2020 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2020, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$835,592 for fiscal year 2020. Of this amount, \$125,513 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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	
Proportion of the Net Pension Liability:			
Prior Measurement Date	0.05988920%	0.04980105%	
Current Measurement Date	0.05767120%	0.04919165%	
Change in Proportionate Share	-0.00221800%	-0.00060940%	
Proportionate Share of the Net			Total
Pension Liability	\$3,450,569	\$10,878,438	\$14,329,007
Pension Expense	\$532,957	\$1,593,371	\$2,126,328

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Dawson-Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$87,499	\$88,569	\$176,068
Changes of assumptions	0	1,277,883	1,277,883
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	39,596	386,552	426,148
School District contributions subsequent to the measurement date	276,094	835,592	1,111,686
Total Deferred Outflows of Resources	\$403,189	\$2,588,596	\$2,991,785
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$47,091	\$47,091
Net difference between projected and actual earnings on pension plan investments	44,292	531,679	575,971
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	73,557	373,395	446,952
Total Deferred Inflows of Resources	\$117,849	\$952,165	\$1,070,014

\$1,111,686 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 year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	\$87,682	\$762,807	\$850,489
2022	(100,609)	192,733	92,124
2023	(2,946)	(190,868)	(193,814)
2024	25,119	36,167	61,286
Total	\$9,246	\$800,839	\$810,085

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.

Dawson-Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

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, 2019, are presented below:

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

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

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

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

Dawson-Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00%	0.50%
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00%	

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$4,835,481	\$3,450,569	\$2,289,147

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation are presented below:

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

Dawson-Bryant Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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

Actuarial assumptions used in the July 1, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

<u>Asset Class</u>	<u>Target Allocation *</u>	<u>Long-Term Expected Rate of Return **</u>
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	<u>1.00</u>	<u>2.25</u>
Total	<u>100.00%</u>	

* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. 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, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

Dawson-Bryant Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$15,897,625	\$10,878,438	\$6,629,439

B. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System / State Teachers Retirement System. As of June 30, 2020, two members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 13 - Postemployment Benefits

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

Plan Description - School Employees Retirement System (SERS)

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

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

Dawson-Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

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 2020, 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 2020, this amount was \$19,600. 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 2020, the School District's surcharge obligation was \$26,337.

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 \$26,337 for fiscal year 2020. Of this amount, \$26,337 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. 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 fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2019, 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:

Dawson-Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

	SERS	STRS	
Proportion of the Net OPEB Liability:			
Prior Measurement Date	0.06052210%	0.04980105%	
Current Measurement Date	0.05897280%	0.04919165%	
Change in Proportionate Share	-0.00154930%	-0.00060940%	
Proportionate Share of the:			Total
Net OPEB Liability	\$1,483,043	\$0	\$1,483,043
Net OPEB (Asset)	\$0	\$814,732	\$814,732
OPEB Expense	\$60,633	(\$240,200)	(\$179,567)

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$21,770	\$73,861	\$95,631
Changes of assumptions	108,319	17,126	125,445
Net difference between projected and actual earnings on OPEB plan investments	3,560	0	3,560
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	40,554	95,810	136,364
School District contributions subsequent to the measurement date	26,337	0	26,337
Total Deferred Outflows of Resources	\$200,540	\$186,797	\$387,337
Deferred Inflows of Resources			
Differences between expected and actual experience	\$325,814	\$41,450	\$367,264
Changes of assumptions	83,105	893,258	976,363
Net difference between projected and actual earnings on OPEB plan investments	0	51,171	51,171
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	41,689	68,969	110,658
Total Deferred Inflows of Resources	\$450,608	\$1,054,848	\$1,505,456

\$26,337 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Dawson-Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	(\$75,618)	(\$185,244)	(\$260,862)
2022	(44,554)	(185,245)	(229,799)
2023	(43,509)	(164,736)	(208,245)
2024	(43,679)	(157,539)	(201,218)
2025	(46,340)	(177,045)	(223,385)
Thereafter	(22,705)	1,758	(20,947)
Total	(\$276,405)	(\$868,051)	(\$1,144,456)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented below:

Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.22 percent
Prior Measurement Date	3.70 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

Dawson-Bryant Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 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, 2015.

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

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019, was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

Dawson-Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
School District's proportionate share of the net OPEB liability	\$1,800,132	\$1,483,043	\$1,230,918

	1% Decrease (6.00 % decreasing to 3.75%)	Current Trend Rate (7.00 % decreasing to 4.75%)	1% Increase (8.00 % decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$1,188,217	\$1,483,043	\$1,874,203

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.87 percent initial, 4 percent ultimate
Medicare	4.93 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	7.73 percent initial, 4 percent ultimate
Medicare	9.62 initial, 4 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, there was no change to the claims costs process. Claim curves were 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

Dawson-Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

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.

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. 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, 2019. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2019.

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, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	(\$695,211)	(\$814,732)	(\$915,220)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$923,868)	(\$814,732)	(\$681,066)

Note 14 - Employee Benefits

A. *Compensated Absences*

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to twenty days of vacation per fiscal year, depending upon length of service. Bargaining unit employees shall be permitted to carry over two years worth of vacation from year to year. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month up to a maximum of 370 days for certified employees and 320 days for classified employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave to a maximum of 81 days for all employees.

Dawson-Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

B. Insurance Benefits

The School District provides health and prescription card coverage through Anthem Blue Cross and Blue Shield. The School District pays 80% of the total monthly premiums of \$2,214.34 for family coverage and 80% of total monthly premiums of \$896.49 for single coverage.

The School District provides life insurance and accidental death and dismemberment insurance to all full-time employees through Guardian Insurance in the amount of \$30,000. The School District pays 100% of the total monthly premium of \$5.85.

The School District provides dental insurance to all full-time employees through Guardian. The School District pays 100% of the total monthly premiums of \$66.53 for family coverage and \$21.95 for single coverage.

The School District provides vision insurance to all full-time employees through Guardian. The School District pays 100% of the total monthly premiums of \$19.56 for family coverage and \$9.10 for single coverage.

Note 15 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2020 were as follows:

	Principal Outstanding 6/30/19	Additions	Deductions	Principal Outstanding 6/30/20	Amounts Due in One Year
Governmental Activities:					
Direct Placements:					
2011 6.90% Qualified School Construction Bonds	\$350,000	\$0	\$50,000	\$300,000	\$50,000
2011 7.25% Certificates of Participation	470,000	0	65,000	405,000	65,000
Total Direct Placements	<u>820,000</u>	<u>0</u>	<u>115,000</u>	<u>705,000</u>	<u>115,000</u>
Net Pension Liability:					
STRS	10,950,133	0	71,695	10,878,438	0
SERS	3,429,965	20,604	0	3,450,569	0
Total Net Pension Liability	<u>14,380,098</u>	<u>20,604</u>	<u>71,695</u>	<u>14,329,007</u>	<u>0</u>
Net OPEB Liability:					
SERS	1,679,047	0	196,004	1,483,043	0
Compensated Absences	797,096	114,482	23,480	888,098	27,927
Total Governmental Activities Long-Term Liabilities	<u>\$17,676,241</u>	<u>\$135,086</u>	<u>\$406,179</u>	<u>\$17,405,148</u>	<u>\$142,927</u>

Compensated absences are paid from the fund from which the employees' salaries are paid, which includes the General Fund and Lunchroom Special Revenue Funds. There are no repayment schedules for the net pension and OPEB liabilities. However, employer pension contributions are made from the following funds: General Fund, and the Food Service, Title I, IDEA-B, and Title II-A Special Revenue Funds. For additional information related to the net pension and net OPEB liabilities, see Notes 12 and 13.

Dawson-Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

Qualified School Construction Bonds (QSCB) On February 23, 2011, the School District issued \$705,000 of Qualified School Construction Bonds (QSCB), in accordance with the American Recovery and Reinvestment Act of 2009 (ARRA). These bonds were issued for the purpose of improving and reducing energy consumption in each of the School District’s instructional facilities. The QSCB was issued through a series of lease agreements and trust indentures in accordance with Section 133.06 of the Ohio Revised Code.

In accordance with the lease terms, the project assets are leased to the All Points Capital Corporation, and then subleased back to the School District. The QSCB was issued through a series of annual leases with an initial lease term of fifteen years which includes the right to renew for fifteen successive one-year leases through December 1, 2025, subject to annual appropriations. To satisfy trustee requirements, the School District is required to make annual base rent payments, subject to lease terms and appropriations, annually.

Upon a determination of Loss of Qualified School Construction Bond status, the Tax Credit bonds are subject to extraordinary mandatory redemption prior to their fixed maturity date, in whole, on the date designated by the School District, which date shall be a date prior to 60 days succeeding, after a Determination of Loss of Qualified School Construction Bond status, at a redemption price equal to (i) the principal amount of the Tax Credit Bonds called for redemption, plus (ii) the redemption premium, plus (iii) accrued interest on the principal amount of the Tax Credit Bonds called for redemption plus the interest owed from the supplemental coupon from the Tax Credit Allowance Date immediately preceding the redemption date, to the date of redemption. The Bonds are being retired from the Bond Retirement Debt Service Fund.

As part of the ARRA Act of 2009, issuers of QSCBs are eligible to receive direct payments from the federal government which offset interest payments on the bonds. As an alternate, QSCBs may be issued as tax credit bonds under which bond holders receive federal tax credits in lieu of interest as a means to significantly reduce the issuer’s interest cost. The School District, under agreement with the federal government, has chosen to receive a forty-two percent semi-annual direct payment from the federal government to help offset interest expense on the QSCBs.

Annual base rent requirements to retire the Qualified School Construction Bonds outstanding at June 30, 2020, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Direct Subsidy	Total Payment
2021	\$50,000	\$18,975	(\$14,493)	\$54,482
2022	50,000	15,525	(12,308)	53,217
2023	50,000	12,075	(9,223)	52,852
2024	50,000	8,625	(6,587)	52,038
2025	50,000	5,175	(3,953)	51,222
2026	50,000	1,725	(1,317)	50,408
Total	\$300,000	\$62,100	(\$47,881)	\$314,219

Certificates of Participation (COPs) On February 23, 2011, the School District issued \$940,000 in certificates of participation (COPs), for the purpose of improving and reducing energy consumption in each of the School District’s instructional facilities. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs have been designated to be “qualified tax exempt obligations” within the meaning of 26 U.S.C. 265 (b)(3) of the Internal Revenue Service Code.

Dawson-Bryant Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

In accordance with the lease terms, the project assets are leased to All Points Capital Corporation, and then subleased back to the School District. The lease contains provisions that in an event of default, (1) the School District will promptly return possession of the personal property or allow the lessor to remove any or all of the property, at the fiscal agent's option; or (2) the lessor can sublease the project for the account of the lessee; or (3) the total remaining lease payments will be paid immediately.

The COPs were issued through a series of annual leases with an initial lease term of fifteen years which includes the right renew for fifteen successive one-year terms through December 1, 2025, subject to annual appropriations. To satisfy the trustee requirements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 7.25 percent. The School District has the option to purchase the Project Facilities on any Lease Payment Date after June 1, 2021, by paying a 1 percent premium plus the amount necessary to defease the indenture. The COPs are being retired from the Bond Retirement Debt Service Fund.

As part of the ARRA Act of 2009, issuers of COPS are eligible to receive direct payments from the federal government which offset interest payments on the lease. As an alternate, COPS may be issued as tax credit bonds under which bond holders receive federal tax credits in lieu of interest as a means to significantly reduce the issuer's interest cost. The School District, under agreement with the federal government, has chosen to receive a forty-two percent semi-annual direct payment from the federal government to help offset interest expense on the COPs.

Annual base rent requirements to retire the certificates of participation at June 30, 2020, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Direct Subsidy	Total Payment
2021	\$65,000	\$27,006	(\$19,631)	\$72,375
2022	65,000	22,294	(16,205)	71,089
2023	65,000	17,581	(12,780)	69,801
2024	70,000	12,687	(9,222)	73,465
2025	70,000	7,613	(5,534)	72,079
2026	70,000	2,537	(1,844)	70,693
Total	\$405,000	\$89,718	(\$65,216)	\$429,502

The School District's overall legal debt margin was \$7,495,113, with an unvoted debt margin of \$86,612 at June 30, 2020.

Note 16 - Interfund Activity

A. Transfers

During fiscal year 2020, the General Fund made transfers to the following funds:

	Amount
Permanent Improvements Capital Projects Fund	\$225,000
Bond Retirement Debt Service Fund	139,770
Food Service Special Revenue Fund	105,000
Athletics Special Revenue Fund	35,000
Education Foundation Fund	14,000
Total Transfers	\$518,770

Dawson-Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

The transfers were used to move unrestricted revenue collected in the General Fund to make debt payments, provide funds to be used for permanent improvements, and to finance various athletic, scholarship and food service programs accounted for in other funds in accordance with budgetary authorizations.

B. Interfund Balances

Interfund balances at June 30, 2020, represent \$69,085 due to the General Fund from the Miscellaneous Federal Grants Special Revenue Fund for cash deficits. The interfund payables are anticipated to be repaid within one year.

Note 17 - Jointly Governed Organizations

A. Metropolitan Educational Technology Association (META)

The School District participates in the Metropolitan Educational Technology Association (META), formed from the merger of the Metropolitan Educational Council (MEC) and the South Central Ohio Computer Association Regional Council of Governments (SCOCARCoG) during fiscal year 2016, which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and nonmembers innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. During 2020, the School District paid \$59,568 for services with META. Financial information can be obtained from Metropolitan Educational Technology Association at 100 Executive Drive, Marion, Ohio 43302.

B. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of 136 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education. The Council provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The School District's membership fee was \$385 for fiscal year 2020. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

Dawson-Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

Note 18 - Insurance Purchasing Pools

A. Optimal Health Initiatives Workers' Compensation Group Rating Program

The School District participates in the Optimal Health Initiatives Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of trustees consisting of the President, the Vice President, and the Secretary. The Executive Director of the Northwest Division of OH, or a designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

B. Lawrence County Schools Council of Governments Health Benefits Program

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

Note 19 - Set-Aside Calculations

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

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirements for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board of education be returned to the school district's General Fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future fiscal years. The bill placed special conditions on any Bureau or Workers' Compensation monies remaining in the budget reserve. The School District does not maintain a budget reserve set aside.

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

Dawson-Bryant Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

	<u>Capital Improvements</u>
Set-Aside Reserve Balance as of as of June 30, 2019	\$0
Current Year Set-Aside Requirement	203,388
Current Year Qualifying Expenditures	(296,004)
Current Year Offsets	<u>(225,000)</u>
Totals	<u>(\$317,616)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>

The School District had qualifying expenditures and offsets during the fiscal year that reduced the set-aside amount below zero. The excess set-aside may not be carried forward to reduce the set-aside requirement in future fiscal years.

Note 20 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2020, if applicable, cannot be determined at this time.

B. Litigation

As of June 30, 2020, the School District is currently a party to legal proceedings; however, the outcome is unknown at this time.

Note 21 - 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the School District. The School District's investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Dawson-Bryant Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Seven Fiscal Years (1)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
School District's Proportion of the Net Pension Liability	0.05767120%	0.05988920%	0.05841250%
School District's Proportionate Share of the Net Pension Liability	\$3,450,569	\$3,429,965	\$3,490,018
School District's Covered Payroll	\$1,968,726	\$1,957,970	\$1,901,264
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	175.27%	175.18%	183.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%

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

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

See accompanying notes to the required supplementary information

2017	2016	2015	2014
0.05652160%	0.05770120%	0.05920500%	0.05920500%
\$4,136,860	\$3,292,486	\$2,996,331	\$3,520,731
\$1,764,086	\$1,729,097	\$1,726,782	\$1,625,031
234.50%	190.42%	173.52%	216.66%
62.98%	69.16%	71.70%	65.52%

Dawson-Bryant Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Seven Fiscal Years (1)**

	2020	2019	2018
School District's Proportion of the Net Pension Liability	0.04919165%	0.04980105%	0.05200533%
School District's Proportionate Share of the Net Pension Liability	\$10,878,438	\$10,950,133	\$12,353,978
School District's Covered Payroll	\$5,800,614	\$5,647,071	\$5,601,036
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	187.54%	193.91%	220.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.30%	75.30%

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

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

See accompanying notes to the required supplementary information

2017	2016	2015	2014
0.04887023%	0.04834887%	0.04921499%	0.04921499%
\$16,358,339	\$13,362,213	\$11,970,789	\$14,259,526
\$5,170,593	\$5,069,729	\$5,467,285	\$5,240,877
316.37%	263.57%	218.95%	272.08%
66.80%	72.10%	74.70%	69.30%

Dawson-Bryant Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Four Fiscal Years (1)

	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.05897280%	0.06052210%	0.05912600%	0.05709740%
School District's Proportionate Share of the Net OPEB Liability	\$1,483,043	\$1,679,047	\$1,586,786	\$1,627,487
School District's Covered Payroll	\$1,968,726	\$1,957,970	\$1,901,264	\$1,764,086
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	75.33%	85.75%	83.46%	92.26%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%

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

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

See accompanying notes to the required supplementary information

Dawson-Bryant Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
Last Four Fiscal Years (1)

	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.04919165%	0.04980105%	0.05200533%	0.04887023%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$814,732)	(\$800,251)	\$2,029,056	\$2,613,593
School District's Covered Payroll	\$5,800,614	\$5,647,071	\$5,601,036	\$5,170,593
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-14.05%	-14.17%	36.23%	50.55%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	174.70%	176.00%	47.10%	37.30%

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

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

See accompanying notes to the required supplementary information

Dawson-Bryant Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2020	2019	2018	2017
Net Pension Liability				
Contractually Required Contribution	\$276,094	\$265,778	\$264,326	\$266,177
Contributions in Relation to the Contractually Required Contribution	(276,094)	(265,778)	(264,326)	(266,177)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$1,972,100	\$1,968,726	\$1,957,970	\$1,901,264
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	\$26,337	\$45,235	\$41,441	\$31,535
Contributions in Relation to the Contractually Required Contribution	(26,337)	(45,235)	(41,441)	(31,535)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.34%</u>	<u>2.30%</u>	<u>2.12%</u>	<u>1.66%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.34%</u>	<u>15.80%</u>	<u>15.62%</u>	<u>15.66%</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

2016	2015	2014	2013	2012	2011
\$246,972	\$227,895	\$239,332	\$224,904	\$211,095	\$210,014
(246,972)	(227,895)	(239,332)	(224,904)	(211,095)	(210,014)
\$0	\$0	\$0	\$0	\$0	\$0
\$1,764,086	\$1,729,097	\$1,726,782	\$1,625,031	\$1,569,480	\$1,670,756
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%
\$28,115	\$43,714	\$29,893	\$31,102	\$32,133	\$48,304
(28,115)	(43,714)	(29,893)	(31,102)	(32,133)	(48,304)
\$0	\$0	\$0	\$0	\$0	\$0
1.59%	2.53%	1.73%	1.91%	2.05%	2.89%
15.59%	15.71%	15.59%	15.75%	15.50%	15.46%

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net Pension Liability				
Contractually Required Contribution	\$835,592	\$812,086	\$790,590	\$784,145
Contributions in Relation to the Contractually Required Contribution	<u>(835,592)</u>	<u>(812,086)</u>	<u>(790,590)</u>	<u>(784,145)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$5,968,514	\$5,800,614	\$5,647,071	\$5,601,036
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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$723,883	\$709,762	\$710,747	\$681,314	\$651,761	\$697,392
<u>(723,883)</u>	<u>(709,762)</u>	<u>(710,747)</u>	<u>(681,314)</u>	<u>(651,761)</u>	<u>(697,392)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$5,170,593	\$5,069,729	\$5,467,285	\$5,240,877	\$5,013,546	\$5,364,554
<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$0	\$0	\$54,673	\$52,409	\$50,135	\$53,646
<u>0</u>	<u>0</u>	<u>(54,673)</u>	<u>(52,409)</u>	<u>(50,135)</u>	<u>(53,646)</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>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

This page intentionally left blank.

Dawson-Bryant Local School District, Ohio

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2020

Net Pension Liability

Changes in Benefit Terms- SERS

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

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

Changes in Assumptions – SERS

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

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

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

Changes in Assumptions - STRS

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

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

Dawson-Bryant Local School District, Ohio

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2020

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

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

Net OPEB Liability

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:	
Fiscal year 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 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

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

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

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

In fiscal year 2017, the following assumptions were changed:

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - o RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:

Dawson-Bryant Local School District, Ohio

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2020

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

Changes in Assumptions – STRS

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

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

Changes in Benefit Terms – STRS OPEB

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

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

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

This page intentionally left blank.

**DAWSON-BRYANT LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Grant Year	Provided Through to Subrecipients	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	2019-2020	\$ 0	\$ 37,960
Cash Assistance:				
School Breakfast Program	10.553	2019-2020	0	90,738
School Breakfast Program - COVID 19		2019-2020	0	39,751
National School Lunch Program	10.555	2019-2020		223,132
National School Lunch Program - COVID 19		2019-2020	0	70,742
Total Child Nutrition Cluster			0	462,323
Child Nutrition Discretionary Grants Limited Availability	10.579	2020	0	31,250
Total U.S. Department of Agriculture			0	493,573
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	2019	0	31,796
		2020	0	260,120
Total Title I Grants to Local Educational Agencies			0	291,916
Special Education Cluster:				
Special Education Grants to States	84.027	2019	0	31,419
		2020	0	258,313
Total Special Education Grants to States			0	289,732
Special Education Preschool Grants	84.173	2019	0	120
Total Special Education Cluster			0	289,852
Twenty-First Century Community Learning Centers	84.287	2020	0	400,000
Supporting Effective Instruction State Grants	84.367	2020	0	45,687
Student Support and Academic Enrichment Program	84.424	2020	0	29,522
Rural Education	84.358	2020	0	16,997
Total U.S. Department of Education			0	1,073,974
Total Expenditures of Federal Awards			\$ 0	\$ 1,567,547

The accompanying notes are an integral part of this schedule.

**DAWSON-BRYANT LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Dawson-Bryant Local School District (the School District's) under programs of the federal government for the year ended June 30, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

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

Dawson-Bryant Local School District
Lawrence County
701 High Street
Coal Grove, Ohio 45638

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Dawson-Bryant Local School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 22, 2021. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio
February 22, 2021

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

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

Dawson-Bryant Local School District
Lawrence County
701 High Street
Coal Grove, Ohio 45638

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Dawson-Bryant Local School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Dawson-Bryant Local School District's major federal program for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Dawson-Bryant Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio
February 22, 2021

**DAWSON-BRYANT LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2020**

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):	Twenty-First Century Learning Centers- CFDA #84.287
(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



DAWSON-BRYANT LOCAL SCHOOL DISTRICT

LAWRENCE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/9/2021

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

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