MILTON-UNION EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

OHIO AUDITOR OF STATE
KEITH FABER

MILTON-UNION EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY
JUNE 30, 2020

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Milton-Union Exempted Village School District
Miami County
7610 Milton-Potsdam Road
West Milton, Ohio 45383

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Milton-Union Exempted Village School District, Miami County, Ohio (the School District), as of and for the fiscal 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 the cash accounting basis Note 1 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for 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 cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2020, and the respective changes in cash financial position and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting basis described in Note 1.

Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 1 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 16 to the financial statements, during fiscal year 2020, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

As discussed in Note 17 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

Supplementary Information

Our audit was conducted to opine on the 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 schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule 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 January 11, 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

January 11, 2021

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Milton-Union Exempted Village School District
Miami County, Ohio
Statement of Net Position - Cash Basis
June 30, 2020

	Governmental Activities
Cash Assets:	
Equity in pooled cash, cash equivalents and investments	$ 15,680,193
Total Cash Assets	$ 15,680,193
Net Cash Position:	
Restricted for:	
Capital projects	$ 1,647,075
Debt service	4,364,210
Facilities maintenance	465,103
Food service operations	286,203
Education grants	157,132
Student activities	51,339
Unclaimed monies	4,863
Unrestricted	8,704,268
Total Net Cash Position	$ 15,680,193

See accompanying notes to the basic financial statements.

Milton-Union Exempted Village School District
Miami County, Ohio
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2020

	Cash Disbursements	Program Cash Receipts: Charges for Services and Sales	Program Cash Receipts: Operating Grants and Contributions	Net (Disbursement) Receipt and Change in Net Cash Position: Governmental Activities
Governmental Activities				
Current:				
Instruction:				
Regular	$ 7,070,268	$ 902,303	$ 76,074	$ (6,091,891)
Special	2,299,263	281,553	709,501	(1,308,209)
Vocational	9,066	-	9,061	(5)
Other	428,287	-	-	(428,287)
Support Services:				
Pupils	1,290,794	-	289,119	(1,001,675)
Instructional staff	906,609	-	201,343	(705,266)
Board of education	122,689	-	-	(122,689)
Administration	1,247,336	-	-	(1,247,336)
Fiscal	521,473	-	-	(521,473)
Business	111,389	-	-	(111,389)
Operation and maintenance of plant	893,280	67,209	-	(826,071)
Pupil transportation	784,050	-	-	(784,050)
Central	166,546	-	-	(166,546)
Operation of non-instructional services	788,849	150,570	592,257	(46,022)
Extracurricular activities	602,028	247,029	17,485	(337,514)
Capital outlay	119,636	-	-	(119,636)
Debt Service:				
Principal	1,018,457	-	-	(1,018,457)
Interest	997,531	-	-	(997,531)
Total Governmental Activities	$ 19,377,551	$ 1,648,664	$ 1,894,840	(15,834,047)
General Cash Receipts				
Property Taxes Levied for:				
General purposes				5,375,287
Capital projects				362,105
Income Taxes Levied for:				
General purposes				196,754
Capital projects				2,170,323
Facility maintenance				92,350
Grants and entitlements not restricted to specific purposes				7,169,064
Interest				328,442
Miscellaneous				253,612
Total General Receipts				15,947,937
Change in Net Cash Position				113,890
Net Cash Position Beginning of Year - Restated				15,566,303
Net Cash Position End of Year				$ 15,680,193

See accompanying notes to the basic financial statements.

Milton-Union Exempted Village School District
Miami County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2020

	General	Bond Retirement Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Cash Assets:					
Equity in pooled cash, cash equivalents and investments	$ 8,704,268	$ 4,364,210	$ 1,428,753	$ 1,178,099	$ 15,675,330
Restricted Assets:					
Equity in pooled cash, cash equivalents and investments	4,863	-	-	-	4,863
Total Assets	$ 8,709,131	$ 4,364,210	$ 1,428,753	$ 1,178,099	$ 15,680,193
Fund Balances:					
Nonspendable for:					
Unclaimed monies	$ 4,863	$ -	$ -	$ -	$ 4,863
Restricted for:					
Capital projects	-	-	1,428,753	218,322	1,647,075
Debt service	-	4,364,210	-	-	4,364,210
Facilities maintenance	-	-	-	465,103	465,103
Food service operations	-	-	-	286,203	286,203
Student activities	-	-	-	51,339	51,339
Education grants	-	-	-	157,132	157,132
Committed for:					
Employee termination benefits	130,321	-	-	-	130,321
Assigned for:					
School activities	162,881	-	-	-	162,881
Future expenditures	95,240	-	-	-	95,240
Subsequent appropriations	1,575,197	-	-	-	1,575,197
Unassigned	6,740,629	-	-	-	6,740,629
Total Fund Balances	$ 8,709,131	$ 4,364,210	$ 1,428,753	$ 1,178,099	$ 15,680,193

See accompanying notes to the basic financial statements.

Milton-Union Exempted Village School District
Miami County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	General	Bond Retirement Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Cash Receipts:					
Property and other local taxes	$ 5,375,287	$ -	$ 362,105	$ -	$ 5,737,392
Income tax	196,754	-	2,170,323	92,350	2,459,427
Intergovernmental	7,142,380	14,560	52,991	1,802,887	9,012,818
Interest	250,372	50,659	27,411	-	328,442
Tuition and fees	1,183,856	-	-	-	1,183,856
Extracurricular activities	44,290	-	-	199,966	244,256
Customer sales and services	-	-	-	150,570	150,570
Gifts and donations	-	-	-	33,601	33,601
Miscellaneous	321,390	-	-	9,633	331,023
Total Receipts	14,514,329	65,219	2,612,830	2,289,007	19,481,385
Cash Disbursements:					
Current:					
Instruction:					
Regular	6,963,674	-	5,286	101,308	7,070,268
Special	1,813,915	-	-	485,348	2,299,263
Vocational	9,066	-	-	-	9,066
Other	428,287	-	-	-	428,287
Support Services:					
Pupils	1,120,390	-	-	170,404	1,290,794
Instructional staff	494,971	-	45,338	366,300	906,609
Board of education	122,689	-	-	-	122,689
Administration	1,246,873	-	463	-	1,247,336
Fiscal	466,126	11,600	42,931	816	521,473
Business	102,778	-	8,611	-	111,389
Operation and maintenance of plant	753,693	-	53,485	86,102	893,280
Pupil transportation	644,852	-	139,198	-	784,050
Central	158,794	-	5,375	2,377	166,546
Operation of non-instructional services	-	-	-	788,849	788,849
Extracurricular activities	100,006	-	54,932	447,090	602,028
Capital Outlay	-	-	430	119,206	119,636
Debt Service:					
Principal	-	1,018,457	-	-	1,018,457
Interest	-	997,531	-	-	997,531
Total Disbursements	14,426,114	2,027,588	356,049	2,567,800	19,377,551
Excess of Receipts Over(Under) Disbursements	88,215	(1,962,369)	2,256,781	(278,793)	103,834
Other Financing Sources (Uses):					
Proceeds from sale of capital assets	-	-	10,056	-	10,056
Advances in	9,613	-	-	-	9,613
Transfers in	-	2,065,988	-	255,000	2,320,988
Advances out	-	-	-	(9,613)	(9,613)
Transfers out	(255,000)	-	(2,065,988)	-	(2,320,988)
Total Other Financing Sources (Uses)	(245,387)	2,065,988	(2,055,932)	245,387	10,056
Net Change in Fund Balance	(157,172)	103,619	200,849	(33,406)	113,890
Fund Balance, Beginning of Year - Restated	8,866,303	4,260,591	1,227,904	1,211,505	15,566,303
Fund Balance, End of Year	$ 8,709,131	$ 4,364,210	$ 1,428,753	$ 1,178,099	$ 15,680,193

See accompanying notes to the basic financial statements.

Milton-Union Exempted Village School District
Miami County, Ohio
Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balance (Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Cash Receipts:				
Property and other local taxes	$ 5,214,641	$ 5,375,287	$ 5,375,287	$ -
Income tax	188,971	196,754	196,754	-
Intergovernmental	7,316,368	7,137,448	7,142,380	4,932
Interest	200,000	242,019	250,372	8,353
Tuition and fees	1,056,599	1,108,595	1,108,745	150
Miscellaneous	79,155	79,198	79,713	515
Total Receipts	14,055,734	14,139,301	14,153,251	13,950
Cash Disbursements:				
Current:				
Instruction:				
Regular	7,223,825	7,028,994	6,862,704	166,290
Special	1,681,620	2,051,109	1,814,535	236,574
Vocational	11,000	11,000	9,066	1,934
Other	358,347	449,051	428,287	20,764
Support Services:				
Pupils	1,216,264	1,164,809	1,077,275	87,534
Instructional staff	651,502	552,958	500,424	52,534
Board of education	103,429	132,979	130,003	2,976
Administration	1,276,798	1,269,529	1,249,909	19,620
Fiscal	556,962	531,777	471,210	60,567
Business	98,074	103,390	102,778	612
Operation and maintenance of plant	910,852	844,043	801,521	42,522
Pupil transportation	746,901	681,585	649,863	31,722
Central	181,976	185,096	173,983	11,113
Extracurricular activities	46,440	50,098	46,710	3,388
Total Disbursements	15,063,990	15,056,418	14,318,268	738,150
Excess of Receipts Over (Under) Disbursements	(1,008,256)	(917,117)	(165,017)	752,100
Other Financing Sources (Uses):				
Advances in	9,613	9,613	9,613	-
Refund of prior year expenditures	40,000	229,565	229,662	97
Transfers out	(340,000)	(335,000)	(325,000)	10,000
Advances out	-	(10,000)	-	10,000
Total Other Financing Sources (Uses)	(290,387)	(105,822)	(85,725)	20,097
Net Change in Fund Balance	(1,298,643)	(1,022,939)	(250,742)	772,197
Fund Balance at Beginning of Year	8,297,241	8,297,241	8,297,241	-
Prior Year Encumbrances Appropriated	259,198	259,198	259,198	-
Fund Balance at End of Year	$ 7,257,796	$ 7,533,500	$ 8,305,697	$ 772,197

See accompanying notes to the basic financial statements.

Milton-Union Exempted Village School District
Miami County, Ohio
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
June 30, 2020

	Private Purpose Trust Fund	Custodial Funds
Assets:		
Equity in pooled cash, cash equivalents and investments	$ 2,200	$ 1,242
Total Assets	2,200	1,242
Net Cash Position:		
Restricted for scholarships	2,200	-
Restricted for individuals, organizations and other governments	-	1,242
Total Net Cash Position	$ 2,200	$ 1,242

See accompanying notes to the basic financial statements.

Milton-Union Exempted Village School District
Miami County, Ohio
Statement of Change in Fiduciary Net Position - Cash Basis
Fiduciary Funds
For the Fiscal Year Ended June 30, 2020

	Private Purpose Trust Fund	Custodial Funds
Additions:		
Gifts and contributions	$ 1,000	$ -
Event fees received for other organizations	-	1,299
Amounts received as fiscal agent	-	2,000
Total Additions	1,000	3,299
Deductions:		
Payments in accordance with trust agreements	1,000	-
Payments to other organizations	-	2,359
Payments as fiscal agent	-	1,473
Total Deductions	1,000	3,832
Change in Net Cash Position	-	(533)
Net Cash Position, Beginning of Year - Restated	2,200	1,775
Net Cash Position, End of Year	$ 2,200	$ 1,242

See accompanying notes to the basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Milton-Union Exempted Village 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 is governed by a locally elected five-member Board of Education (the Board) which provides educational services.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) requirements that the financial statements include all organizations, activities, functions and component units for which the School District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization and either the School District's ability to impose its will over the organization will provide a financial benefit to, or impose a financial burden on the School District. There were no potential component units that met the applicable criteria to be included in the School District's reporting entity. Based on the foregoing, the reporting entity of the School District includes the following services: instruction (regular, special education, vocational), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

These financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant GASB pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The following are the more significant of the School District's accounting policies.

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 fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental activities (primarily supported by taxes and intergovernmental receipts) and those that are considered business-type activities (primarily supported by fees and charges). However, the School District has no business-type activities.

The statement of net position presents the cash balance of the governmental activities of the School District at year-end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational needs of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements
During the 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.

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

Governmental Funds
The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The following are the School District's major governmental funds:

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

Bond Retirement Fund – This fund accounts for and reports the accumulation of restricted resources and the payment of long-term obligations, specifically the general obligation bonds and other obligations issued in conjunction with the School District's facilities construction project.

Permanent Improvement Fund – This fund is to account for and report the accumulation of resources received through local property and income taxes received and the payments made for significant capital purchases made by the School District.

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

Fiduciary Funds
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 used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is a private purpose trust that accounts for scholarship programs for students. Custodial funds are used to account for fiduciary activities that are not required to be reported in a trust fund. The School District's custodial funds account for outside activity related to high school tournament games as well as the SWBL Academic League, for which the School District acts as the fiscal agent.

Basis of Accounting
The School District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are reported when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed and provided services not yet collected) and certain liabilities (such as accounts payable and expenses for goods and services received but not yet paid, and certain accrued expenses and liabilities) are not recorded in the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Each fund's interest in the pool is presented as "Equity in pooled cash, cash equivalents and investments". All investments of the cash management pool are considered to be cash and cash equivalents for financial reporting purposes.

During fiscal year 2020, investments included negotiable certificates of deposit, US Treasury securities, federal agency securities, money market and mutual funds and STAR Ohio. All investments, with the exception of STAR Ohio, are reported at cost.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments with the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but adopted GASB Statement No. 79, "Certain External Investment Pools and 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 the NAV per share that approximates fair value.

For fiscal year 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance for all deposits or withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participants will be combined for these purposes.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2020 was $250,372, which included $29,909 assigned from other School District funds.

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget indicates the projected receipts and disbursements for those funds receiving tax monies. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the legal level of control selected by the Board. The legal level of control has been established by the Board at the function level for the General Fund and at the fund level for all other funds. Budgetary allocations at levels below the legal level of control are made by the Treasurer.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the School District. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate requested by the School District prior to fiscal year end.

The appropriation resolution is subject to amendment by the Board throughout the school year with the restriction that appropriations may not exceed estimated revenues. 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 years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Process (continued)

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of cash, the budgetary basis as provided by law is based upon accounting for certain transactions of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance (Budgetary Basis) for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The adjustments necessary to reconcile cash and budget basis statements for the General Fund are as follows:

Net Change in Fund Balance General Fund	
Cash Basis	$ (157,172)
Encumbrances	(95,240)
Excess of Funds Combined with General Fund for Reporting Purposes	1,670
Budget Basis	$ (250,742)

Capital Assets

Acquisition of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

Compensated Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the School District.

Long-Term Obligations

Cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest are reported when disbursements are made. The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Pension Systems

For purposes of measuring the net pension and other post-employment benefits liability/asset, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Net Position

Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. The School District's policy is to first apply restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

Interfund Activity
Transfers and advances within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. If there is an intention for repayment, the flows of cash or goods between funds are reported as interfund advances. Both interfund transfers and advances are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statement.

NOTE 2 – COMPLIANCE

Ohio Administrative Code, Section 117-2-03(B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statement on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, and disclosures that, while material, cannot be determined at this time.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

Active Monies – These monies are 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 Monies – These monies have been identified by the Board of Education as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposits maturing no later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim Monies – These monies 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.

Interim monies held by the School District may 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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposits or savings or deposits accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2);
7. The State Treasurer’s investment pool (STAR Ohio); and
8. Bankers’ acceptances and commercial paper if training requirements have been met.

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.

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the School District's deposits may not be returned to it. Protection of the School District's deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. By Ohio law, financial institutions must collateralize all public deposits as follows:

> Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
>
> Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities to be 102 percent of the deposits being secured or at a rate set by the Treasurer of State.

At fiscal year end, the carrying amount of the School District's deposits was $1,301,991 and the bank balance was $1,146,298. Federal depository insurance covered $289,656 of the bank balance at year end with the remaining $856,642 being secured by pledge collateral as described above.

Investments

The School District's investments at June 30, 2020 were as follows:

	Carrying Value	% of Portfolio	Investment Maturities < 1 year	1 to 3 yrs	3 to 5 yrs
STAR Ohio	$ 8,189,257	56.9%	$ 8,189,257	$ -	$ -
Money Market Funds	467,387	3.3%	467,387	-	-
Negotiable CDs	5,167,000	35.9%	1,245,000	2,963,000	959,000
US Treasury Note	558,000	3.9%	558,000	-	-
Total	$ 14,381,644	100.0%	$ 10,459,644	$ 2,963,000	$ 959,000

The School District's investment policy authorizes the Treasurer to make investments of available monies from the funds of the School District in securities authorized by State law.

> *Interest Rate Risk* – The Ohio Revised Code and School District policy require that investments mature within five (5) years of settlement date, unless they are matched to a specific obligation or debt of the School District.
>
> *Concentration of Credit Risk* – The School District's policy limits investment in commercial paper and bankers' acceptances to 25 percent of the total investment portfolio. The percentage of each investment to the School District's total portfolio is presented in the table above.
>
> *Custodial Credit Risk* – The negotiable certificates of deposit are insured by the FDIC. STAR Ohio and money market funds are rated by AAAm by Standard & Poor's. The US Treasury Note is rated AAA by Standard and Poor's. The School District has no policy regarding credit risk beyond the requirements of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

NOTE 4 - PROPERTY TAXES

Property taxes include amounts levied against all real estate and public utility property located in the School District. Real property taxes collected during 2020 were levied after April 1, 2019 on assessed values as of January 1, 2019, the lien date.

Assessed values are established by the county auditor at 35 percent of appraised market value. All property is required to be reappraised every six years, and equalization adjustments are made in the third year following reappraisal. The last reappraisal was completed in 2019. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable on June 20.

Public utility tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public tangible personal property is currently assessed at 100 percent of its true value. Public utility personal property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the School District. The County Auditor periodically remits to the School District its portion of the taxes collected. The tax rate per $1,000 of assessed valuation was $66.80 and the assessed values upon which the fiscal year 2020 receipts were based are as follows:

	2020 First Half Collections	2019 Second Half Collections
Agricultural, residential, and other real property	$ 197,887,620	$ 180,594,610
Public utility personal property	11,458,530	10,755,150
Total	$ 209,346,150	$ 191,349,760

NOTE 5 - INCOME TAXES

The School District levies a 1.25 percent, dual purpose, earned income tax levy. Of the 1.25 percent, 1.15 percent is used to provide the local portion of a school facilities project that replaced all existing school facilities within the School District with a new kindergarten through grade twelve building on one site; including debt retirement and the required maintenance fund. The remaining 0.10 percent of the total levy amount is used for general operating purposes.

Employers of residents are required to withhold income tax on compensation and remit the tax to the State Department of Taxation. Taxpayers are required to file an annual return. The State Department of Taxation makes quarterly distributions to the school districts after withholding amounts for administrative fees and estimated refunds. Income tax receipts are posted to the general, permanent improvement and school facilities maintenance funds.

NOTE 6 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts, thefts-of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage amounts from those of the prior fiscal year.

During fiscal year 2020, the School District contracted with Argonaut Insurance Company for insurance coverage, as follows:

NOTE 6 - RISK MANAGEMENT (continued)

Coverage	Limits	Deductible
Excess Liability	$2 million per/$2 million annual aggregate	n/a
General, Educators Legal, and Employment Practices Liability	$1 million per/$3 million annual aggregate	$2,500
Automobile Liability	$1 million combined limit	$500
Commercial Property	$62.6 million blanket limit	$2,500

For fiscal year 2020 the School District participated in the CompManagement Group Retrospective Rating Plan. This plan is a performance-based incentive program designed to recover a portion of premium for employers that reduce injury rate and lower associated claims costs. It is similar to group rating, as employers are evaluated as if the group was one big organization. However, with this program, organizations continue to pay their own individual premium but have the opportunity to receive retrospective premium adjustments (refunds or assessments based on the performance of the group) at the end of each of the three evaluation periods (12, 24 and 36 months after the end of the policy year) performed by the Ohio Bureau of Workers' Compensation. Group assessments are limited to a premium cap, currently set at $4 million for the entire group. For fiscal year 2020, the School District has not been assessed any additional premium through its participation in the Plan.

The School District provides medical (United Health Care), dental (Delta Dental) and life insurance (UNUM) benefits to its employees through participation in the Southwestern Ohio Educational Council's Medical Benefit Plan (MBP). The MBP's business and affairs are conducted by an eleven-member committee consisting of various EPC representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each fiscal year, the participating school districts pay an enrollment fee to the MBP to cover administration costs of the program.

NOTE 7 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions 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 liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability 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 this estimate 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 way pensions are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension.

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

Net Pension Liability (continued)
GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Plan Description - School Employees Retirement System (SERS)
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, annual cost-of-living adjustments, 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; or age 65 with 5 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; or 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 year of service; 2.2% for the first 30 years of service and 2.5% 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 date 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 CIP-W, not to exceed 2.5 percent with a floor of 0.0 percent.

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% 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% for plan members and 14% 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, and Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the 14% was allocated to only three of the funds (Pension Trust Fund, Death Benefit Fund and Medicare B Fund).

The School District's contractually required pension contribution to SERS was $269,632 for fiscal year 2020.

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - State Teachers Retirement System (STRS)
School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement 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 will be 2.2% 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 0.0 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. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 28 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% 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% of the 14%-member rate goes to the DC Plan and 2% goes 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 services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 or later.

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 Ohio 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 Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

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

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

***Plan Description - State Teachers Retirement System (STRS)* (continued)**
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. For the fiscal year ended June 30, 2020, plan members were required to contribute 14% of their annual covered salary. The School District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The School District's contractually required pension contributions to STRS was $991,751 for fiscal year 2020.

Net Pension Liability
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 projected contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$ 3,343,201	$ 12,597,945	$ 15,941,146
Proportion of the Net Pension Liability:			
Current Year	0.0558767%	0.0569672%	
Prior Year	0.0559740%	0.0586575%	
Change in Proportionate Share	-0.0000973%	-0.0016903%	

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

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

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will consider the employee's entire career with the employer and 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.

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

***Actuarial Assumptions – SERS* (continued)**
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	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent
Investment rate of return	7.50 percent of net investment expense, including inflation
Actuarial cost method	Entry Age Normal

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 for active members. 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% of male rates, and 110% of female rates. Mortality among disabled members were based upon the 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.

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015 adopted by the Board on April 21, 2016.

The long-term return expectation for the Pension Plan Investments has been determined 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 a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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 – Total pension liability was calculated using the discount rate of 7.5%. 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 (7.5%). 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.

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

***Actuarial Assumptions – SERS* (continued)**
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 7.5%, 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 (6.5%), or one percentage point higher (8.5%) 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	$ 4,685,020	$ 3,343,201	$ 2,217,918

Actuarial Assumptions - STRS
The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	12.50% at age 20 to 2.50% at age 65
Payroll increases	3.00%
Investment rate of return, including inflation	7.45%, net of investment expenses
Discount rate of return	7.45%
Cost-of-living adjustments (COLA)	0.00%

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

The actuarial assumptions were based on the results of an actual experience study for the period July 1, 2011 through June 30, 2016.

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

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

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions – STRS (continued)

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

** - 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS Ohio's 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% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes 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% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

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%, 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%) or one-percentage-point higher (8.45%) 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	$ 18,410,493	$ 12,597,945	$ 7,677,325

Social Security System

All employees not covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2020, one of the members of the Board of Education has elected social security. The Board's liability is 6.2% of wages paid.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

Net OPEB Asset/Liability

OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (continued)

***Net OPEB Asset/Liability* (continued)**
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 way OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Health Care Plan Description - School Employees Retirement System (SERS)
The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB Statement No. 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.

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% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2020, there was no portion allocated 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, the minimum compensation amount was $19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the School District's surcharge obligation was $36,556.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (continued)

Plan Description - State Teachers Retirement System (STRS)
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. Nearly all health care plan enrollees, for the most recent year, 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% of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Asset/Liability
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:

	SERS	STRS	Total
Proportionate Share of the Net			
OPEB Asset (Liability)	$ (1,435,636)	$ 943,513	$ (492,123)
Proportion of the Net OPEB Asset/Liability:			
Current Year	0.0570877%	0.0569672%	
Prior Year	0.0566001%	0.0586575%	
Change in Proportionate Share	0.0004876%	-0.0016903%	

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 consider the employee's entire career with the employer and 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.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (continued)

***Actuarial Assumptions – SERS* (continued)**
Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation, prepared as of June 30, 2019, are presented below:

Investment rate of return	7.50% of net investment expense, including inflation
Inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Municipal bond index rate:	
Prior measurement date	3.62%
Measurement date	3.13%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Prior measurement date	3.70%
Measurement date	3.22%
Medical Trend Assumption:	
Pre-Medicare	7.00% - 4.75%
Medicare	5.25% - 4.75%

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

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

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

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%	

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (continued)

***Actuarial Assumptions – SERS* (continued)**

Discount Rate – The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22%. The discount rate used to measure total OPEB liability at June 30, 2018 was 3.70%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and SERS at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from 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% 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 the Healthcare 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 calculated using the discount rate of 3.22%, as well as what the School District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.22%) and one percentage point higher (4.22%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Rate	2.22%	3.22%	4.22%
School District's proportionate share of the net OPEB liability	$ 1,742,589	$ 1,435,636	$ 1,191,571

The following table presents the net OPEB liability calculated using the current health care cost trend rates, as well as what each plan's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current rates.

	1% Decrease	Current Trend Rate	1% Increase
Rate	6.00% decreasing to 3.75%	7.00% decreasing to 4.75%	8.00% decreasing to 5.75%
School District's proportionate share of the net OPEB liability	$ 1,150,235	$ 1,435,636	$ 1,814,293

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (continued)

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:

Salary increases	12.50% at age 20 to 2.50% at age 65	
Payroll increases	3.00%	
Investment rate of return	7.45%, net of investment expenses, including inflation	
Discount rate of return	7.45%	
Health care cost trends:	Initial	Ultimate
Medical:		
Pre-Medicare	5.87%	4.00%
Medicare	4.93%	4.00%
Prescription Drug		
Pre-Medicare	7.73%	4.00%
Medicare	9.62%	4.00%

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% 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% of rates for males and 100% 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, claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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

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

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

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (continued)

Actuarial Assumptions – STRS (continued)

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

Discount Rate – The discount rate used to measure the total OPEB liability was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS Ohio 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 of current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on OPEB plan assets of 7.45% 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 Rate and the Healthcare Cost Trend Rates – The following table presents the School District's proportionate share of the net OPEB (asset) calculated using the current period discount rate assumption of 7.45%, as well as what the School District's proportionate share of the net OPEB (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.45%) and one percentage point higher (8.45%) than the current rate. Also shown is the net OPEB (asset) as if it were calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates:

	1% Decrease	Current Discount Rate	1% Increase
Rate	6.45%	7.45%	8.45%
School District's proportionate share of the net OPEB asset	$ 805,100	$ 943,513	$ 1,059,885

	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
School District's proportionate share of the net OPEB asset	$ 1,069,900	$ 943,513	$ 788,719

NOTE 9 - LONG-TERM DEBT OBLIGATIONS

2010 School Improvement Energy Conservation Bonds:
On January 13, 2010 the School District issued $997,776 in energy conservation bonds for construction of school facilities. The bonds include term and capital appreciation bonds, in the original amount of $985,000 and $12,776, respectively. The bonds were issued for a fourteen-year period with final maturity on December 1, 2024. The bonds are being retired from the Bond Retirement debt service fund.

The term bonds maturing on December 1, 2019 and thereafter are subject to optional redemption, in whole or in part on any date in any order of maturity as determined by the School District and by lot within a maturity, at the option of the School District on or after June 1, 2017 at the redemption price of 100 percent. During fiscal year 2020, the School Districted elected to pay off the remainder of this issue entirely.

NOTE 9 - LONG-TERM DEBT OBLIGATIONS (continued)

2015 General Obligation School Improvement Refunding Bonds:
On March 11, 2015 the School District issued $4,171,902 in general obligation school improvement refunding bonds to provide for the advance refunding of a portion of the 2009 general obligation school improvement bonds. The refunding bonds include serial, term and capital appreciation bonds, in the original amount of $3,450,000, $680,000 and $41,902, respectively. The bonds were issued for a seventeen-year period with final maturity on December 1, 2031. The bonds are being retired from the Bond Retirement debt service fund.

The current interest term bonds are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2030 at 100 percent of the principal amount thereof plus accrued interest to the date of redemption. The remaining $345,000 of the current interest term bonds are due for payment on December 31, 2031 at the stated maturity.

2016 School Improvement Revenue Refunding Bonds:
On October 12, 2016 the School District issued $11,199,003 in school improvement revenue refunding bonds to provide for the advance refunding of a portion of the 2009 school improvement revenue bonds. The refunding bonds include serial, term and capital appreciation bonds, in the original amount of $8,530,000, $1,985,000 and $684,003, respectively. The bonds were issued for a seventeen-year period with final maturity on December 1, 2032. The bonds are being retired from the Bond Retirement debt service fund.

The current interest term bonds are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption of $980,000 is to occur on December 1, 2031 at 100 percent of the principal amount thereof plus accrued interest to the date of redemption. The remaining $1,005,000 of the current interest term bonds are due for payment on December 31, 2032 at the stated maturity.

The capital appreciation bonds mature in fiscal years 2020 to 2024 and have a total maturity amount of $4,070,000.

The activity of the School District’s long-term debt obligations during fiscal year 2020 was as follows:

	Balance July 1, 2019	Increase	Decrease	Balance June 30, 2020	Due within One Year
Governmental Activities:					
2010 SI Energy Conservation Bonds:					
Current Interest Term 1.2% - 4.0%	$ 465,000	$ -	$ 465,000	$ -	$ -
2015 GO Refunding Bonds:					
Current Interest Serial 1.0% - 4.0%	3,075,000	-	250,000	2,825,000	255,000
Current Interest Term 4.0%	680,000	-	-	680,000	-
2016 SI Revenue Refunding Bonds:					
Current Interest Serial 1.5% - 3.0%	6,180,000	-	-	6,180,000	-
Current Interest Term 3.0%	1,985,000	-	-	1,985,000	-
Capital Appreciation 1.55% - 2.15%	684,003	-	253,457	430,546	173,831
2010 Certificates of Participation					
School Improvement 1.8% - 6.375%	1,480,000	-	50,000	1,430,000	50,000
Capital Leases Payable	18,186	-	15,588	2,598	2,598
Total General Long-Term Obligations	$ 14,567,189	$ -	$ 1,034,045	$ 13,533,144	$ 481,429

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire the School District's outstanding bonds at June 30, 2020 are shown in the table below.

Fiscal Year Ended June 30,	Principal	Interest	Total
2021	$ 428,831	$ 969,844	$ 1,398,675
2022	379,218	1,019,307	1,398,525
2023	341,761	1,051,564	1,393,325
2024	320,736	1,066,677	1,387,413
2025	1,090,000	292,750	1,382,750
2026-2030	5,925,000	991,081	6,916,081
2031-2033	3,615,000	160,413	3,775,413
Total	$ 12,100,546	$ 5,551,636	$ 17,652,182

2010 School Improvement Certificates of Participation:
On March 3, 2010 the School District issued $1,885,000 in taxable certificates of participation for construction of school facilities. This issue contained a portion of the taxable certificates under the Build America Bond program. These bonds were issued for a twenty-seven year period with final maturity on December 1, 2037. The bonds are being retired from the Bond Retirement debt service fund.

The American Recovery and Reinvestment Act of 2009 allowed entities to issue taxable obligations, referred to as "Build America Bonds", to finance capital expenditures for which they could issue tax-exempt obligations, and to elect to receive payments from the federal government equal to 35 percent of the corresponding interest payable on such taxable obligations. The School District designated $35,000 of the base rent underlying the certificates of participation as taxable obligations (Taxable Certificates) and the remaining $1,850,000 as taxable obligations under the Build America Bond program (Series 2010 BABs). One fiscal year 2020 interest subsidy payment was not received until July 2020 due to the COVID19 pandemic and will be recorded in FY2021.

Each Certificate represents a proportionate interest in the right to receive base rent payments by the School District under the lease agreement. By the assignment, the Lessor has assigned its right to receive base rent payments to the Trustee for the benefit of the owners of the Certificates. Renewals of the lease and the obligations of the School District to make base rent payments after June 30, 2010 are subject to and dependent upon lawful appropriations being made for the that purpose and certification of the sufficiency of those appropriations. The Certificates, the lease and the obligation to make base rent payments do not represent or constitute a debt of, or a pledge of the faith and credit of, the School District. Neither the general credit nor the taxing power of the School District is pledged to payment of the principal of or premium, if any, or interest on the Certificates.

The Series 2010 BABs maturing on December 1, 2020 and thereafter are subject to optional redemption, in whole or in part on any date in any order of maturity as determined by the School District and by lot within a maturity, at the option of the School District on or after June 1, 2020 at par, which is 100 percent of the face value of the Series 2010 BABs.

In addition, the Series 2010 BABs are subject to extraordinary optional redemption by the School District prior to maturity, in whole at any time or in part on any interest payment date, at a redemption price of 100 percent (expressed as a percentage of the principal amount), plus interest accrued to the date fixed for redemption in the event that the Build America Payments from the federal government cease or are in an amount less than 35 percent of the corresponding interest payable on the Series 2010 BABs.

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

2010 School Improvement Certificates of Participation **(continued)**
Principal and interest requirements to retire the District's outstanding certificates of participation at June 30, 2020 are shown in the table below.

	Taxable Certificates			Effective Debt Service	
Fiscal Year Ended June 30,	Principal	Interest	Total	Federal Subsidy	Adjusted Total
2021	$ 50,000	$ 84,817	$ 134,817	$ (29,686)	$ 105,131
2022	55,000	82,160	137,160	(28,756)	108,404
2023	55,000	79,245	134,245	(27,736)	106,509
2024	55,000	76,330	131,330	(26,715)	104,615
2025	60,000	73,283	133,283	(25,648)	107,635
2026-2030	330,000	312,352	642,352	(109,323)	533,029
2031-2035	400,000	200,991	600,991	(70,347)	530,644
2036-2038	425,000	50,203	475,203	(17,572)	457,631
Total	$ 1,430,000	$ 959,381	$ 2,389,381	$ (335,783)	$ 2,053,598

Capital Leases - Lessee Disclosure
In a prior fiscal year, the School District entered into a lease agreement to finance the purchase of several copiers used throughout the District. The lease agreement meets the criteria of capital leases where the lease transfers the benefits and risk of ownership to the leasee. The value of the equipment acquired through the 2015 capital lease totaled $77,940. Principal payments made during the current fiscal year totaled $15,588. The 2015 capital lease does not contain a provision for interest.

Payments for the capital lease are made from the general fund and district managed student activity special revenue fund and reported within the appropriate function which utilizes the assets. The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2020.

Fiscal Year Ended June 30,	
2021	$ 2,598
Total	2,598
Less: Amount Representing Interest	-
Present Value of Net Minimum Lease Payments	$ 2,598

NOTE 10 – RELATED ORGANIZATION
The Milton-Union Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by the Board of Trustees appointed by the Milton-Union Exempted Village School District. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from Milton-Union Public Library, Marjorie Coate, Clerk/Treasurer, at 560 South Main Street, West Milton, Ohio 45383.

NOTE 11 – JOINTLY GOVERNED ORGANIZATIONS

Southwestern Ohio Educational Purchasing Council

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of over 130 school districts and boards of developmental disabilities 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts by the Fiscal Agent. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One-year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations.

Payments to SOEPC are made primarily from the School District's general fund. During fiscal year, the School District paid $1,846,643 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive Suite 208, Vandalia, Ohio 45377.

Miami Valley Career Technology Center

The Miami Valley Career Technology Center (MVCTC) is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the fifteen participating school districts' elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following city and/or exempted village school districts: Carlisle, Miamisburg, Milton-Union, Northmont, Vandalia, Versailles, Huber Heights, Eaton, Trotwood, Tipp City, and West Carrollton. Three members are appointed from the Montgomery County Educational Service Center, one is appointed from the Miami County Educational Service Center, one from the Darke County Educational Service Center, and one from the Preble County Educational Service Center. No payments were made to MVCTC by the School District during the fiscal year. To obtain financial information, write to the Miami Valley Career Technology Center, Matt Huffman, who serves as Treasurer, at 6800 Hoke Road, Englewood, Ohio 45315.

Metropolitan Educational Technology Association

The School District is a member of the Metropolitan Educational Technology Association (META). META is an association of public school districts in a geographic area determined by the Ohio Department of Education. META was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative instructional functions among member districts. The School District paid META $34,583 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio, 43302.

NOTE 12 - CONTINGENCIES

Grants

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

NOTE 12 – CONTINGENCIES (continued)

Litigation
There were currently no matters in litigation with the School District as defendant.

Full-Time Equivalency Review
The Ohio Department of Education conducts reviews of enrollment and full-time equivalency (FTE) calculations made by school districts within the State starting for fiscal year 2015. These reviews are being conducted to ensure the school districts are reporting accurate student enrollment data to the State, which is used in determining state funding allocations. The conclusions of such reviews could result in adjustments to state funding allocations for the fiscal year being reviewed. The fiscal year 2020 review did not result in significant changes to the School District's funding amount.

NOTE 13 – INTERFUND ACTIVITY

Transfers
The following is a summary of the School District's transfers in and out for all funds for fiscal year 2020:

Fund	Transfer In	Transfer Out
General Fund	$ -	$ 255,000
Bond Retirement Fund	2,065,988	-
Permanent Improvement Fund	-	2,065,988
Other Governmental Funds	255,000	-
Total All Funds	$ 2,320,988	$ 2,320,988

Transfers out of the permanent improvement fund consist of income tax receipts required to be paid into this fund which are then allocated to the debt service fund, and for repayment of outstanding debt.

Advances
The following is a summary of the School District's advances in and out for all funds for fiscal year 2020:

Fund	Advances In	Advances Out
General Fund	$ 9,613	$ -
Other Governmental Funds	-	9,613
Total All Funds	$ 9,613	$ 9,613

Advances represent the temporary transfer of cash resources with the expectation of repayment. During the current year, the advances from General Fund to the Title I grant and Miscellaneous Federal grants funds (nonmajor special revenue funds) made in the prior year were repaid by those two funds with grant funding received.

NOTE 14 – COMMITMENTS - ENCUMBRANCES

At year end the School District had the following amounts encumbered for future purchase obligations:

General Fund	$ 97,759
Permanent Improvement Fund	341,504
Non-major Governmental Funds	357,306
	$ 796,569

NOTE 15 – CAPITAL IMPROVEMENT SET-ASIDE

The School District is required by State statute to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year. The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements as required by State statute.

	Capital Improvements
Set-aside reserve balance as of June 30, 2019	$ -
Current year set-aside requirement	270,369
Current year offsets	(2,677,769)
Total	$ (2,407,400)
Balance carried forward to fiscal year 2021	$ -
Set-aside balance June 30, 2020	$ -

The School District had qualifying offsets during the fiscal year that reduced the set-aside amount to zero for the capital improvements set-aside.

NOTE 16 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION AND FUND BALANCE

For the fiscal year ended June 30, 2020, the School District implemented GASB Statements No. 84, *Fiduciary Activities* and No. 90, *Majority Equity Interests – an amendment of GASB Statement No. 14 and No. 61.*

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

NOTE 16 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION AND FUND BALANCE (continued)

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the School District.

The implementation of GASB Statement No. 84 had the following effect on the amounts reported at June 30, 2019 for the School District's cash net position governmental activities, as well as cash fund balance for the General Fund and Other Governmental Funds:

	Governmental Activities
Cash Net Position, previously reported	$ 15,530,510
Reclassification of funds required by GASB Statement No. 84	35,793
Restated Cash Net Position, beginning of fiscal year	$ 15,566,303

	General Fund	Other Governmental Funds	Total Governmental Funds
Cash Fund Balance, previously reported	$ 8,861,440	$ 1,180,575	$ 15,530,510
Reclassification of funds required by GASB Statement No. 84	4,863	30,930	35,793
Restated Cash Fund Balance, beginning of fiscal year	$ 8,866,303	$ 1,211,505	$ 15,566,303

Also, due to the reclassification of funds required by the implementation of GASB Statement No. 84, the new classification of custodial funds is reporting a beginning net position of $1,775. At June 30, 2019, the School District reported cash net position of $37,568 for agency fund classifications, which are no longer considered a classification within the School District's financial statements.

NOTE 17 - COVID-19 PANDEMIC

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. The ultimate impact on the School District's future operating costs, receipts, and any recovery from emergency funding, either federal or state, cannot be reasonably estimated at this time.

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MILTON-UNION EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Passed Through to Subrecipients**	**Expenditures**	**Non-Cash Expenditures**
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education				
Child Nutrition Cluster:				
COVID-19 School Breakfast Program	10.553		42,661	
School Breakfast Program	10.553		41,334	1,100
COVID-19 National School Lunch Program	10.555		74,868	
National School Lunch Program	10.555		140,457	36,775
Total Child Nutrition Cluster			299,320	37,875
Total U.S. Department of Agriculture			299,320	37,875
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education				
Title I Grants to Local Educational Agencies	84.010		385,417	
Special Education Cluster:				
Special Education Grants to States	84.027		284,148	
Special Education Preschool Grants	84.173		5,107	
Total Special Education Cluster			289,255	
Supporting Effective Instruction State Grants	84.367		42,473	
Comprehensive Literacy Development	84.371	264,524	454,719	
Student Support and Academic Enrichment Program	84.424		15,251	
Total U.S. Department of Education		264,524	1,187,115	
Total Expenditures of Federal Awards		**264,524**	**$1,486,435**	**$37,875**

The accompanying notes are an integral part of this schedule.

MILTON-UNION EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL 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 Milton-Union Exempted Village School District (the School District) under programs of the federal government for the fiscal 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 or changes in net position 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 – SUBRECIPIENTS

The School District passes certain federal awards received from the Ohio Department of Education (ODE) to other governments or not-for-profit agencies (subrecipients). As Note B describes, the School District reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the School District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E - 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 F – FOOD DONATION PROGRAM

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

NOTE G - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred $36,211 from fiscal year 2020 to fiscal year 2021 for the Title I Grants to Local Educational Agencies (CFDA #84.010).

OHIO AUDITOR OF STATE
KEITH FABER

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

Milton-Union Exempted Village School District
Miami County
7610 Milton-Potsdam Road
West Milton, Ohio 45383

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 cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Milton-Union Exempted Village School District, Miami County, (the School District) as of and for the fiscal 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 January 11, 2021, wherein we noted the School District uses a special purpose framework other than generally accepted accounting principles. We also noted the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* and we noted the financial impact of COVID-19 and the continuing emergency measures 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 opinions 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 statement. 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-001.

School District's Response to Findings

The School District's response to the finding identified in our audit is described in the accompanying schedule of findings and corrective action plan. We did not subject the School District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

January 11, 2021

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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

Milton-Union Exempted Village School District
Miami County
7610 Milton-Potsdam Road
West Milton, Ohio 45383

To the Board of Education:

Report on Compliance for each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on each Major Federal Program

In our opinion, Milton-Union Exempted Village School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal 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

January 11, 2021

MILTON-UNION EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI 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)?**	Yes
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Child Nutrition Cluster Special Education Cluster
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

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

FINDING NUMBER 2020-001

Noncompliance

Ohio Rev. Code § 117.38(A) provides that each public office "shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office."

Ohio Admin. Code § 117-2-03(B), which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the School District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

FINDING NUMBER 2020-001
(Continued)

The School District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the School District's ability to evaluate and monitor the overall financial condition of the School District. To help provide the users with more meaningful financial statements, the School District should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response: The School District is aware of the financial reporting requirements, and the School District's management believes that filing GAAP would cost approximately $10,000 more per year with no appreciable benefit to the School District.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Milton-Union Exempted Village Schools

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Ohio Rev. Code §117.38 and Ohio Admin. Code §117-2-03(B) – financial report was not prepared using generally accepted accounting principles	Not Corrected	Milton-Union Exempted Village School District chooses to file OCBOA statements rather than filing GAAP statements. Comment repeated as Finding 2020-001.

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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2020

Finding Number:	2020-001
Planned Corrective Action:	No corrective action needed. The School District is aware of the financial reporting requirements, and the School District's management believes that filing GAAP would cost approximately $10,000 more per year with no appreciable benefit to the School District.
Anticipated Completion Date:	N/A
Responsible Contact Person:	Kay Altenburger, Treasurer

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OHIO AUDITOR OF STATE
KEITH FABER

MILTON-UNION EXEMPTED VILLAGE SCHOOL DISTRICT

MIAMI 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 2/4/2021

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