MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY

SINGLE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

REGULAR AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

OHIO AUDITOR OF STATE
KEITH FABER

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY

DOCUMENT CONTENTS

This page intentionally left blank.

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

OHIO AUDITOR OF STATE
KEITH FABER

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY
JUNE 30, 2021

TABLE OF CONTENTS

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY
JUNE 30, 2021

TABLE OF CONTENTS
(Continued)

OHIO AUDITOR OF STATE
KEITH FABER

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

INDEPENDENT AUDITOR'S REPORT

Miami East Local School District
Miami County
3825 North State Route 589
Casstown, Ohio 45312

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the 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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

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

Emphasis of 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 District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

June 8, 2022

This page intentionally left blank.

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

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- In total, net position of governmental activities increased $702,547 which represents a 6.05% increase from June 30, 2020's net position.

- General revenues accounted for $16,871,197 in revenue or 86.85% of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for $2,553,552 or 13.15% of total revenues of $19,424,749.

- The District had $18,722,202 in expenses related to governmental activities; $2,553,552 of these expenses was offset by program specific charges for services and operating grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of $16,871,197 were adequate to provide for these programs.

- The District's major governmental funds are the general fund and the bond retirement fund. The general fund had $16,314,419 in revenues and other financing sources and $15,882,179 in expenditures. During fiscal year 2021, the general fund's fund balance increased $432,240 from $10,854,224 to $11,286,464.

- The bond retirement fund had $1,326,512 in revenues and $1,258,792 in expenditures. During fiscal year 2021, the bond retirement fund's fund balance increased $67,720 from $2,003,132 to $2,070,852.

Using these Basic Financial Statements

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

The *statement of net position* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and the bond retirement fund are by far the most significant funds, and the only governmental funds reported as major funds.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

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

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

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net position and statement of activities can be found on pages 17-18 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 13. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the bond retirement fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19-23 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 25-63 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability/asset. The required supplementary information can be found on pages 66-81 of this report.

The District as a Whole

Recall that the statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position at June 30, 2021 and June 30, 2020.

Net Position

	Governmental Activities 2021	Governmental Activities 2020
Assets		
Current and other assets	$ 22,214,987	$ 21,080,341
Net OPEB asset	869,325	807,859
Capital assets, net	23,857,530	24,356,377
Total assets	46,941,842	46,244,577
Deferred Outflows of Resources		
Unamortized deferred charges on debt refunding	333,872	354,274
Pension	2,760,030	2,635,654
OPEB	406,349	302,023
Total deferred outflows of resources	3,500,251	3,291,951
Liabilities		
Current liabilities	1,836,237	1,752,490
Long-term liabilities:		
Due within one year	1,012,253	991,061
Due in more than one year:		
Net pension liability	14,902,888	13,437,223
Net OPEB liability	1,006,370	1,145,336
Other amounts	12,650,753	13,451,698
Total liabilities	31,408,501	30,777,808
Deferred Inflows of Resources		
Property taxes levied for next year	5,065,185	5,155,741
Pension	76,528	642,603
OPEB	1,572,822	1,343,866
Total deferred inflows of resources	6,714,535	7,142,210
Net Position		
Net investment in capital assets	11,863,077	11,580,423
Restricted	2,765,885	2,976,832
Unrestricted (deficit)	(2,309,905)	(2,940,745)
Total net position	$ 12,319,057	$ 11,616,510

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by $12,319,057. Of this total, $2,765,885 is restricted in use.

Assets of the District increased $697,265 or 1.51%. This increase is due mainly to an increase in equity in pooled cash and cash equivalents held by the District.

Deferred outflows related to pension increased primarily due to changes in assumptions by the State Teachers Retirement System (STRS). See Note 12 for more detail.

Total assets include a net OPEB asset reported by STRS. See Note 13 for more detail.

At year-end, capital assets represented 50.82% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. Net investment in capital assets at June 30, 2021, was $11,863,077. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

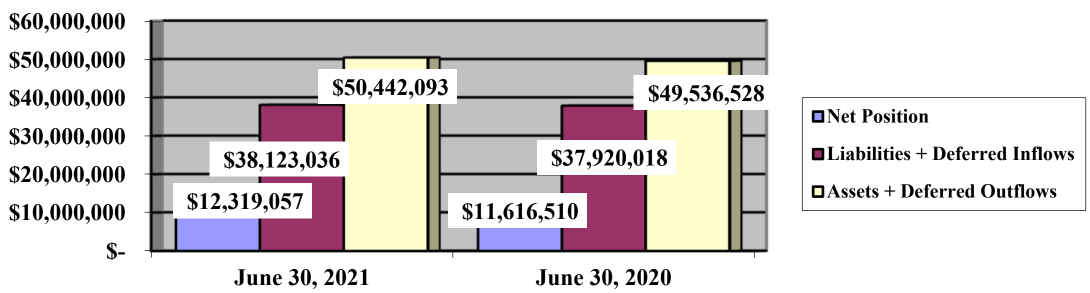
Deferred inflows related to OPEB increased primarily due to changes in assumptions by STRS. See Note 13 for more detail.

Liabilities of the District increased $630,693 or 2.05%. Long-term liabilities increased primarily due to an increase in the net pension liability. These liabilities are outside of the control of the District. The District contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions and OPEB to District employees, not the District.

A portion of the District's net position, $2,765,885, represents resources that are subject to external restriction on how they may be used. The largest portion of restricted net position is $2,039,335 that is restricted for debt service. The remaining balance of unrestricted net position is ($2,309,905). The increase in unrestricted net position is associated with the increase in general fund balance and the overall decrease in net pension liability and net OPEB liability.

The graph below shows the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2021 and June 30, 2020.

Governmental Activities



The table below shows the change in net position for fiscal years 2021 and 2020.

Change in Net Position

	Governmental Activities 2021	Governmental Activities 2020
Revenues		
Program revenues:		
Charges for services and sales	$ 866,233	$ 1,173,380
Operating grants and contributions	1,687,319	1,176,884
General revenues:		
Property taxes	6,241,720	6,062,995
Income taxes	4,270,066	3,825,622
Unrestricted grants and entitlements	6,131,988	5,938,304
Investment earnings	25,269	199,069
Other	202,154	97,685
Total revenues	19,424,749	18,473,939
Expenses		
Program expenses:		
Instruction:		
Regular	8,033,740	7,153,885
Special	1,863,921	1,799,987
Vocational	101,617	107,380
Other	790,771	932,115
Support services:		
Pupil	1,149,769	934,401
Instructional staff	706,116	687,986
Board of education	67,408	28,176
Administration	1,047,050	1,011,319
Fiscal	489,512	537,730
Business	67,214	122,552
Operations and maintenance	1,532,050	1,471,476
Pupil transportation	1,250,284	1,029,859
Central	117,566	141,365
Operations of non-instructional services:		
Food service operations	434,186	395,938
Other non-instructional services	46,240	19,402
Extracurricular activities	632,517	713,261
Interest and fiscal charges	392,241	413,254
Total expenses	18,722,202	17,500,086
Change in net position	702,547	973,853
Net position at beginning of year	11,616,510	10,642,657
Net position at end of year	$ 12,319,057	$ 11,616,510

Governmental Activities

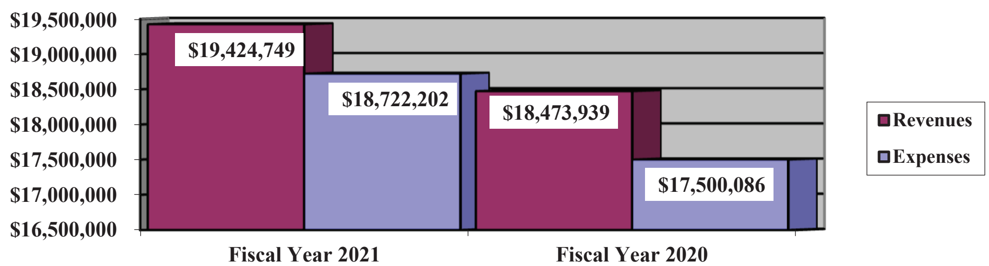
Net position of the District's governmental activities increased $702,547. Total governmental expenses of $18,722,202 were offset by program revenues of $2,553,552 and general revenues of $16,871,197. Operating grants and contributions increased as a result of the District receiving Elementary and Secondary School Emergency Relief (ESSER) monies. Program revenues supported 13.64% of the total governmental expenses.

Overall, expenses of the governmental activities increased $1,222,116 or 6.98%. This increase is primarily due to an increase in wages and benefits paid to employees.

On an accrual basis, the District reported $1,910,805 and $1,938,431 in pension expense for fiscal year 2021 and 2020, respectively. In addition, the District reported ($43,700) and ($211,251) in OPEB expense for fiscal year 2021 and 2020, respectively. The increase in both the net pension expense and the OPEB expense from fiscal year 2020 to fiscal year 2021 was $139,925. This increase is primarily the result of the benefit changes by the retirement systems. Fluctuations in the pension and OPEB expense makes it difficult to compare financial information between years. Pension and OPEB expense are components of program expenses reported on the statement of activities.

The graph below presents the District's governmental activities revenues and expenses for fiscal year 2021 and 2020.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. The total cost of services represents the total cost the District incurred to provide the service and the net cost of services represents the cost of the service after applying specific program revenues attributable to that service.

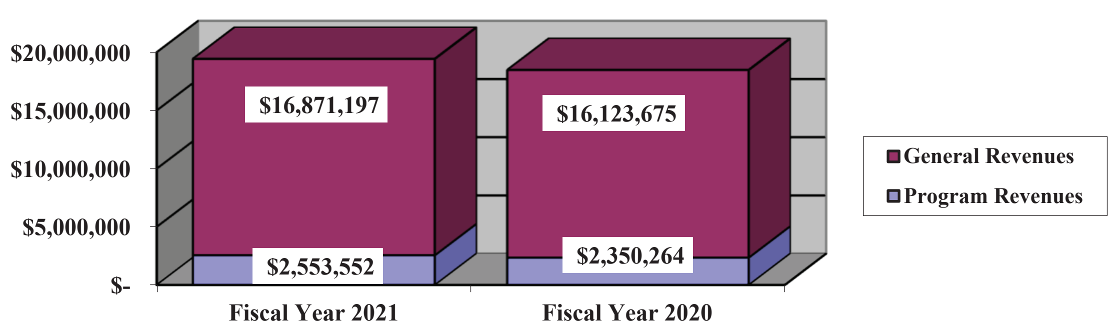
Governmental Activities

	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
Program expenses				
Instruction:				
Regular	$ 8,033,740	$ 7,273,019	$ 7,153,885	$ 6,367,743
Special	1,863,921	1,119,591	1,799,987	1,109,774
Vocational	101,617	27,421	107,380	33,184
Other	790,771	788,643	932,115	932,115
Support services:				
Pupil	1,149,769	942,281	934,401	845,448
Instructional staff	706,116	689,876	687,986	670,383
Board of education	67,408	67,408	28,176	28,176
Administration	1,047,050	1,046,665	1,011,319	1,004,290
Fiscal	489,512	474,032	537,730	526,057
Business	67,214	67,214	122,552	109,999
Operations and maintenance	1,532,050	1,439,811	1,471,476	1,467,308
Pupil transportation	1,250,284	1,217,477	1,029,859	991,317
Central	117,566	117,566	141,365	141,365
Operations of non-instructional services:				
Food service operations	434,186	31,937	395,938	120,168
Other non-instructional services	46,240	6,486	19,402	(2,948)
Extracurricular activities	632,517	466,982	713,261	392,189
Interest and fiscal charges	392,241	392,241	413,254	413,254
Total expenses	$ 18,722,202	$ 16,168,650	$ 17,500,086	$ 15,149,822

The dependence upon tax and other general revenues for governmental activities is apparent, as 85.34% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 86.36%. The District's taxpayers and unrestricted grants and entitlements are by far the primary support for District's students.

The graph below presents the District's governmental activities revenues for fiscal year 2021 and 2020.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of $14,946,955 which is more than last year's total of $13,796,500.

	Fund Balance June 30, 2021	Fund Balance June 30, 2020	Change	Percentage Change
General	$ 11,286,464	$ 10,854,224	$ 432,240	3.98 %
Bond Retirement	2,070,852	2,003,132	67,720	3.38 %
Other Governmental	1,589,639	939,144	650,495	69.26 %
Total	$ 14,946,955	$ 13,796,500	$ 1,150,455	8.34 %

General Fund

The District's general fund balance increased $432,240.

Revenues of the general fund increased $807,197 or 5.21%. This increase can be attributed to an increase in property taxes.

Expenditures of the general fund increased $688,911 or 4.85%. The most significant increase was in the area of instruction. These increases resulted from salary and benefit increases to District staff.

The table that follows assists in illustrating the financial activities of the general fund.

	2021 Amount	2020 Amount	Change	Percentage Change
Revenues				
Taxes	$ 9,139,994	$ 8,394,906	$ 745,088	8.88 %
Tuition	617,701	556,205	61,496	11.06 %
Earnings on investments	25,269	199,069	(173,800)	(87.31) %
Intergovernmental	6,310,426	6,115,979	194,447	3.18 %
Other revenues	216,539	236,573	(20,034)	(8.47) %
Total	$ 16,309,929	$ 15,502,732	$ 807,197	5.21 %
Expenditures				
Instruction	$ 9,386,561	$ 8,750,313	$ 636,248	7.27 %
Support services	5,151,077	5,115,186	35,891	0.70 %
Non-instructional services	-	2,585	(2,585)	(100.00) %
Extracurricular activities	344,541	325,184	19,357	5.95 %
Total	$ 14,882,179	$ 14,193,268	$ 688,911	4.85 %

Bond Retirement Fund

The bond retirement fund had $1,326,512 in revenues and $1,258,792 in expenditures. During fiscal year 2021, the bond retirement fund's fund balance increased $67,720 from $2,003,132 to $2,070,852. The increase in fund balance is the result of property tax collections exceeding expenditures during the fiscal year.

General Fund Budgeting Highlights

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

For the general fund, original budgeted revenues and other financing sources were $15,575,533. Final budgeted revenues and other financing sources for fiscal year 2021 was $16,096,178. This represents a $520,645 increase from original budgeted revenues. Actual revenues and other financing sources were $15,998,871, which was $97,307 less than final budgeted revenues.

General fund original appropriations and other financing uses were $18,208,363. Final appropriations and other financing uses totaled $18,197,938. This represents a $10,425 decrease from original budgeted appropriations. The actual budget basis expenditures for fiscal year 2021 totaled $16,103,415, which was $2,094,523 less than the final budgeted appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the District had $23,857,530 invested in land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2021 balances compared to June 30, 2020:

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2021	2020
Land	$ 303,182	$ 303,182
Construction in progress	230,671	47,672
Land improvements	803,391	739,204
Building and improvements	21,506,374	22,106,343
Furniture, fixtures and equipment	317,953	324,777
Vehicles	695,959	835,199
Total	$ 23,857,530	$ 24,356,377

The overall decrease in capital assets of $498,847 is due to current year depreciation of $904,370 and disposals (net of accumulated depreciation) of $92,155 exceeding additions (net of accumulated depreciation) of $497,678. See Note 9 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2021, the District had $11,350,000 in general obligation bonds payable. Of this total, $820,000 is due within one year and $10,530,000 is due in more than one year.

The following table summarizes the bonds outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2021	Governmental Activities 2020
2016A school improvement refunding bonds	$ 4,895,000	$ 5,100,000
2018 refunding bonds	6,455,000	7,040,000
Total	$ 11,350,000	$ 12,140,000

See Note 10 to the basic financial statements for additional information on the District's debt administration.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Mr. Alexander Hix, Treasurer, Miami East Local School District, 3825 N. State Route 589, Casstown, Ohio 45312.

THIS PAGE IS INTENTIONALLY LEFT BLANK

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2021

		Governmental Activities
Assets:		
Equity in pooled cash and cash equivalents	$	14,334,873
Receivables:		
Property taxes		6,087,824
Income taxes		1,558,060
Accounts		23,951
Accrued interest		2,135
Intergovernmental		144,199
Prepayments		11,559
Materials and supplies inventory		48,499
Inventory held for resale		3,887
Net OPEB asset		869,325
Capital assets:		
Nondepreciable capital assets		533,853
Depreciable capital assets, net		23,323,677
Capital assets, net		23,857,530
Total assets		46,941,842
Deferred outflows of resources:		
Unamortized deferred charges on debt refunding		333,872
Pension		2,760,030
OPEB		406,349
Total deferred outflows of resources		3,500,251
Liabilities:		
Accounts payable		59,893
Contracts payable		91,805
Retainage payable		5,696
Accrued wages and benefits payable		1,270,341
Intergovernmental payable		113,387
Pension and postemployment benefits payable		217,325
Accrued interest payable		36,591
Payroll withholding payable		17,258
Unearned revenue		23,941
Long-term liabilities:		
Due within one year		1,012,253
Due in more than one year:		
Net pension liability		14,902,888
Net OPEB liability		1,006,370
Other amounts due in more than one year		12,650,753
Total liabilities		31,408,501
Deferred inflows of resources:		
Property taxes levied for the next fiscal year		5,065,185
Pension		76,528
OPEB		1,572,822
Total deferred inflows of resources		6,714,535
Net position:		
Net investment in capital assets		11,863,077
Restricted for:		
Capital projects		154,741
Classroom facilities maintenance		170,208
Debt service		2,039,335
State funded programs		210,001
Federally funded programs		2,964
Extracurricular programs		169,567
Other purposes		19,069
Unrestricted (deficit)		(2,309,905)
Total net position	$	12,319,057

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	$ 8,033,740	$ 516,381	$ 244,340	$ (7,273,019)
Special	1,863,921	85,516	658,814	(1,119,591)
Vocational	101,617	-	74,196	(27,421)
Other	790,771	-	2,128	(788,643)
Support services:				
Pupil	1,149,769	170	207,318	(942,281)
Instructional staff	706,116	79	16,161	(689,876)
Board of education	67,408	-	-	(67,408)
Administration	1,047,050	385	-	(1,046,665)
Fiscal	489,512	2,249	13,231	(474,032)
Business	67,214	-	-	(67,214)
Operations and maintenance	1,532,050	4,337	87,902	(1,439,811)
Pupil transportation	1,250,284	23,388	9,419	(1,217,477)
Central	117,566	-	-	(117,566)
Operation of non-instructional services:				
Food service operations	434,186	58,426	343,823	(31,937)
Other non-instructional services	46,240	34,504	5,250	(6,486)
Extracurricular activities	632,517	140,798	24,737	(466,982)
Interest and fiscal charges	392,241	-	-	(392,241)
Totals	$ 18,722,202	$ 866,233	$ 1,687,319	(16,168,650)

General revenues:	
Property taxes levied for:	
General purposes	4,852,898
Debt service	1,156,084
Capital projects	143,495
Classroom facilities maintenance	89,243
Income taxes levied for:	
General purposes	4,270,066
Grants and entitlements not restricted to specific programs	6,131,988
Investment earnings	25,269
Miscellaneous	202,154
Total general revenues	16,871,197
Change in net position	702,547
Net position at beginning of year	11,616,510
Net position at end of year	$ 12,319,057

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash				
and cash equivalents	$ 10,677,867	$ 1,883,077	$ 1,773,929	$ 14,334,873
Receivables:				
Property taxes	4,752,152	1,107,357	228,315	6,087,824
Income taxes	1,558,060	-	-	1,558,060
Accounts	20,273	-	3,678	23,951
Accrued interest	2,135	-	-	2,135
Interfund loans	149,200	-	-	149,200
Intergovernmental	25,864	-	118,335	144,199
Prepayments	8,147	-	3,412	11,559
Materials and supplies inventory	46,475	-	2,024	48,499
Inventory held for resale	-	-	3,887	3,887
Total assets	$ 17,240,173	$ 2,990,434	$ 2,133,580	$ 22,364,187
Liabilities:				
Accounts payable	$ 40,886	$ -	$ 19,007	$ 59,893
Contracts payable	-	-	91,805	91,805
Retainage payable	-	-	5,696	5,696
Accrued wages and benefits payable	1,231,818	-	38,523	1,270,341
Compensated absences payable	-	-	2,163	2,163
Intergovernmental payable	112,968	-	419	113,387
Pension and postemployment benefits payable	211,266	-	6,059	217,325
Interfund loans payable	-	-	149,200	149,200
Payroll withholding payable	17,258	-	-	17,258
Unearned revenue	-	-	23,941	23,941
Total liabilities	1,614,196	-	336,813	1,951,009
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	3,961,234	914,508	189,443	5,065,185
Delinquent property tax revenue not available	22,466	5,074	1,072	28,612
Income tax revenue not available	320,931	-	-	320,931
Intergovernmental revenue not available	13,792	-	14,060	27,852
Miscellaneous revenue not available	21,090	-	2,553	23,643
Total deferred inflows of resources	4,339,513	919,582	207,128	5,466,223
Fund balances:				
Nonspendable:				
Materials and supplies inventory	46,475	-	2,024	48,499
Prepaids	8,147	-	3,412	11,559
Unclaimed monies	2,309	-	-	2,309
Restricted:				
Debt service	-	2,070,852	-	2,070,852
Capital projects	-	-	57,240	57,240
Classroom facilities maintenance	-	-	169,797	169,797
State funded programs	-	-	210,001	210,001
Extracurricular programs	-	-	163,905	163,905
Other purposes	-	-	16,760	16,760
Assigned:				
Student instruction	32,981	-	-	32,981
Student and staff support	125,031	-	-	125,031
Subsequent year's appropriations	3,154,002	-	-	3,154,002
Capital projects	-	-	994,803	994,803
Unassigned (deficit)	7,917,519	-	(28,303)	7,889,216
Total fund balances	11,286,464	2,070,852	1,589,639	14,946,955
Total liabilities, deferred inflows and fund balances	$ 17,240,173	$ 2,990,434	$ 2,133,580	$ 22,364,187

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2021

Total governmental fund balances		$ 14,946,955
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		23,857,530
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	$ 28,612	
Income taxes receivable	320,931	
Accounts receivable	23,643	
Intergovernmental receivable	27,852	
Total		401,038
Unamortized premiums on bonds issued are not recognized in the funds.		(880,824)
Unamortized amounts on refundings are not recognized in the funds.		333,872
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(36,591)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	2,760,030	
Deferred inflows - pension	(76,528)	
Net pension liability	(14,902,888)	
Deferred outflows - OPEB	406,349	
Deferred inflows - OPEB	(1,572,822)	
Net OPEB asset	869,325	
Net OPEB liability	(1,006,370)	
Total		(13,522,904)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(11,350,000)	
Compensated absences	(1,430,019)	
Total		(12,780,019)
Net position of governmental activities		$ 12,319,057

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	$ 4,861,710	$ 1,158,852	$ 233,176	$ 6,253,738
Income taxes	4,278,284	-	-	4,278,284
Intergovernmental	6,310,426	167,660	1,302,823	7,780,909
Investment earnings	25,269	-	72	25,341
Tuition and fees	617,701	-	-	617,701
Extracurricular	2,482	-	174,423	176,905
Rental income	4,335	-	-	4,335
Charges for services	-	-	60,675	60,675
Contributions and donations	42,993	-	21,219	64,212
Miscellaneous	166,729	-	9,058	175,787
Total revenues	16,309,929	1,326,512	1,801,446	19,437,887
Expenditures:				
Current:				
Instruction:				
Regular	7,090,939	-	200,497	7,291,436
Special	1,425,497	-	350,000	1,775,497
Vocational	81,482	-	-	81,482
Other	788,643	-	2,128	790,771
Support services:				
Pupil	880,076	-	197,278	1,077,354
Instructional staff	619,562	-	29,850	649,412
Board of education	65,236	-	-	65,236
Administration	948,207	-	-	948,207
Fiscal	423,652	17,852	19,150	460,654
Business	66,490	-	-	66,490
Operations and maintenance	1,097,570	-	294,471	1,392,041
Pupil transportation	965,506	-	104,027	1,069,533
Central	84,778	-	-	84,778
Operation of non-instructional services				
Food service operations	-	-	405,852	405,852
Other non-instructional services	-	-	46,240	46,240
Extracurricular activities	344,541	-	194,814	539,355
Facilities acquisition and construction	-	-	302,154	302,154
Debt service:				
Principal retirement	-	790,000	-	790,000
Interest and fiscal charges	-	450,940	-	450,940
Total expenditures	14,882,179	1,258,792	2,146,461	18,287,432
Excess (deficiency) of revenues over (under) expenditures	1,427,750	67,720	(345,015)	1,150,455
Other financing sources (uses):				
Transfers in	4,490	-	1,000,000	1,004,490
Transfers (out)	(1,000,000)	-	(4,490)	(1,004,490)
Total other financing sources (uses)	(995,510)	-	995,510	-
Net change in fund balances	432,240	67,720	650,495	1,150,455
Fund balances at beginning of year	10,854,224	2,003,132	939,144	13,796,500
Fund balances at end of year	$ 11,286,464	$ 2,070,852	$ 1,589,639	$ 14,946,955

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds		$ 1,150,455
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	$ 497,678	
Current year depreciation	(904,370)	
Total		(406,692)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(92,155)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(12,018)	
Income taxes	(8,218)	
Extracurricular	(2,505)	
Classroom materials and fees	(10,178)	
Other local revenues	12,315	
Intergovernmental	7,466	
Total		(13,138)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		790,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Change in accrued interest payable	1,975	
Amortization of bond premiums	77,126	
Amortization of deferred charges	(20,402)	
Total		58,699
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,135,591	
OPEB	32,102	
Total		1,167,693
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,910,805)	
OPEB	43,700	
Total		(1,867,105)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(85,210)
Change in net position of governmental activities		$ 702,547

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	**Final**	**Actual**	
Revenues:				
Property taxes	$ -	$ 4,763,613	$ 4,763,613	$ -
Income taxes	5,776,655	4,063,153	4,063,153	-
Intergovernmental	8,395,410	6,298,332	6,298,332	-
Investment earnings	305,581	29,702	29,702	-
Tuition and fees	946,203	583,154	583,154	-
Extracurricular	1,832	1,363	1,363	-
Rental income	6,152	4,335	4,335	-
Contributions and donations	822	37,486	37,486	-
Miscellaneous	68,409	29,391	29,391	-
Total revenues	15,501,064	15,810,529	15,810,529	-
Expenditures:				
Current:				
Instruction:				
Regular	8,061,655	8,060,801	7,016,312	1,044,489
Special	1,657,291	1,656,795	1,428,760	228,035
Vocational	107,693	107,661	89,815	17,846
Other	1,168,585	1,168,236	789,587	378,649
Support services:				
Pupil	989,571	989,275	874,184	115,091
Instructional staff	683,906	684,373	652,034	32,339
Board of education	33,685	33,675	67,437	(33,762)
Administration	1,183,152	1,177,805	936,297	241,508
Fiscal	569,094	568,924	417,507	151,417
Business	166,519	166,469	99,527	66,942
Operations and maintenance	1,642,270	1,644,951	1,185,199	459,752
Pupil transportation	1,321,722	1,320,902	971,106	349,796
Central	89,895	84,870	66,818	18,052
Operation of non-instructional services				
Other non-instructional services	1,043	1,043	-	1,043
Extracurricular activities	396,050	395,932	359,599	36,333
Facilities acquisition and construction	20,000	19,994	-	19,994
Total expenditures	18,092,131	18,081,706	14,954,182	3,127,524
Excess (deficiency) of revenues over (under) expenditures	(2,591,067)	(2,271,177)	856,347	3,127,524
Other financing sources (uses):				
Refund of prior year's expenditures	57,316	118,772	118,772	-
Refund of prior year's receipts	(10,726)	(10,726)	(33)	10,693
Transfers in	3,835	4,490	-	(4,490)
Transfers (out)	(6,044)	(6,044)	(1,000,000)	(993,956)
Advances in	10,000	162,387	69,570	(92,817)
Advances (out)	(99,462)	(99,462)	(149,200)	(49,738)
Sale of capital assets	3,318	-	-	-
Total other financing sources (uses)	(41,763)	169,417	(960,891)	(1,130,308)
Net change in fund balance	(2,632,830)	(2,101,760)	(104,544)	1,997,216
Fund balance at beginning of year	10,084,582	10,084,582	10,084,582	-
Prior year encumbrances appropriated	403,626	403,626	403,626	-
Fund balance at end of year	$ 7,855,378	$ 8,386,448	$ 10,383,664	$ 1,997,216

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

NOTE 1 - DESCRIPTION OF THE DISTRICT

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

The District was established in 1956 through the consolidation of existing land areas and Districts. The District serves an area of approximately 118 square miles. It is located in Miami County, and includes all of the Villages of Casstown and Fletcher; Brown, Elizabeth, Lostcreek and Staunton Townships; and portions of Springcreek and Bethel Townships.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The District participates in two jointly governed organizations, two insurance purchasing pools and one public entity shared risk pool. These organizations are discussed in Note 19 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

Metropolitan Educational Technology Association (META) Solutions
Southwestern Ohio Educational Purchasing Council

Insurance Purchasing Pools:

Ohio School Comp Workers' Compensation Group Rating Program
Ohio School Plan

Public Entity Shared Risk Pool:

Southwestern Ohio Educational Purchasing Council Benefit Plan Trust

B. Fund Accounting

The 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. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions.

Governmental Funds

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

General fund - The general fund is the operating fund of the District and is used to account for and report all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond retirement fund - The bond retirement fund accounts for and reports the accumulation of restricted property taxes received and the payment of general obligation bond principal and interest.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specific purposes other than debt service or capital projects.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Proprietary Funds

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District has no fiduciary funds.

C. Basis of Presentation

The 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 District as a whole. These statements include the financial activities of the primary government. The government-wide financial statements usually distinguish between those activities that are governmental and those that are considered business-type. The District; however, has no business-type activities.

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

Fund Financial Statements - During the fiscal year, the District segregates transactions related to certain 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 District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

D. Measurement Focus

Government-Wide Financial Statements **-** The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

E. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means that the amount of the transaction can be determined, and "available" means that the resources will be collected within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the fiscal year in which the exchange on which the tax is imposed takes place and revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, income taxes, tuition, student fees, grants, and gifts and donations.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, See Notes 12 and 13 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes, income taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, See Notes 12 and 13 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue. Unused donated commodities are reported as intergovernmental revenue.

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

F. Cash and Cash Equivalents

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

During fiscal year 2021, the District invested in STAR Ohio (State Treasury Asset Reserve of Ohio). Investments are reported at fair value which is based on quoted market prices. For investments in open-end mutual funds, the fair value is determined by the fund's current share price.

During fiscal year 2021, the District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2021, 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 of all deposits and withdrawals exceeding $100 million. STAR Ohio reserves the right to limit the transaction to $250 million, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Following Ohio Statute, the Board of Education has, by resolution, specified the funds to receive an allocation of investment earnings. Investment earnings credited to the General Fund during fiscal year 2021 amounted to $25,269 which includes $6,054 assigned from other District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are presented on the financial statements as cash and cash equivalents.

G. Inventory

On government-wide and fund financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when used. Donated commodities are presented at their entitlement value. Inventories are accounted for using the consumption method.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepayments using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed. On the fund financial statements, reported prepayments are equally offset by a nonspendable fund balance.

I. Capital Assets

The District's only capital assets are general capital assets. General capital assets are capital assets that are associated with and generally arise from governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of $750. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Description	Useful Lives
Land Improvements	7 years
Buildings and Improvements	20 - 50 years
Furniture, Fixtures and Equipment	3 - 15 years
Vehicles	5 - 10 years

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Accrued Liabilities and Long-Term Obligations

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

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

K. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for all employees after 10 years of current service with the District.

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

L. Unamortized Bond Premiums/Issuance Costs/Compounded Interest on Capital Appreciation Bonds

On the government-wide financial statements bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Capital appreciation bonds are accreted each fiscal year for the compounded interest during the fiscal year. Bond premiums and the interest on the capital appreciation bonds are presented as an addition to the face amount of bonds payable. Issuance costs are expensed in the year they occur.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the period in which the debt is issued. Accretion on the capital appreciation bonds is not recorded.

M. Loss on Advance Refunding

On the government-wide financial statements, an advance refunding resulting in the defeasance of debt generates an accounting gain/loss calculated by comparing the reacquisition price and the net carrying amount of the old debt. This amount is amortized as interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for food service operations.

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

O. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally 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 are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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 District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

P. Internal Activity

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

Q. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivables/payables". Receivables and payables resulting from negative cash balances are classified as "due to/due from other funds". These amounts are eliminated in the governmental type activities columns of the statement of net position.

R. Budgetary Process

All funds are legally required to be budgeted and appropriated. The public school preschool fund (a nonmajor governmental fund) is administered by a fiscal agent and is not budgeted by the District. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the District Treasurer. 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 certificate that was in effect at the time the final appropriations were passed by the Board of Education.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

S. Estimates

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

T. Pensions/Other Postemployment Benefits (OPEB)

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

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2021, the District had neither type of occurrence.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2021, the District has applied GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance.*" GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended June 30, 2021. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed until the fiscal year ended June 30, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2021 included the following individual fund deficits:

Nonmajor funds	Deficit
Food Service	$ 17,430
IDEA Part B	8,658

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, 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 obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At June 30, 2021, the carrying amount of all District deposits was $6,859,750 and the bank balance of all District deposits was $6,994,895. Of the bank balance, $5,367,627 was covered by the FDIC and $1,627,268 was covered by the Ohio Pooled Collateral System.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) 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 fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State. For fiscal year 2021, the District's financial institutions were approved for a collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

As of June 30, 2021, the District had the following investment and maturity:

Measurement/ Investment type	Measurement Amount	Investment Maturities 6 months or less
Amortized Cost:		
STAR Ohio	$ 7,475,123	$ 7,475,123

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits investment portfolio maturities to five years or less. State statute requires that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAm money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not address investment credit risk beyond the requirements of State statutes.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code. Requirements in State statute prohibit payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board or qualified trustee.

Concentration of Credit Risk: The District places no dollar limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2021:

Measurement/ Investment type	Measurement Amount	% of Total
Amoritized Cost:		
STAR Ohio	$ 7,475,123	100.00

C. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2021:

Cash and investments per note	
Carrying amount of deposits	$ 6,859,750
Investments	7,475,123
Total	$ 14,334,873
Cash and investments per statement of net position	
Governmental activities	
Total	$ 14,334,873

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended June 30, 2021, consisted of the following, as reported on the fund statements:

	Amount
Transfers from general fund to:	
Nonmajor governmental funds	$ 1,000,000
Transfers from nonmajor governmental funds to:	
General fund	4,490
Total	$ 1,004,490

The transfer from the Student Managed Activity fund (a nonmajor governmental fund) to the general fund was a residual equity transfer.

All transfers made during the fiscal year 2021 were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

B. Interfund loans receivable/payable consisted of the following at June 30, 2021, as reported on the fund statements:

Receivable fund	Payable fund	Amount
General fund	Nonmajor governmental fund	$ 149,200

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide Statement of Net Position.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed values as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Public utility real and personal property taxes received in calendar year 2021 became a lien on December 31, 2019, were levied after April 1, 2020, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

NOTE 6 - PROPERTY TAXES - (Continued)

The District receives property taxes from Miami County and Champaign County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available as an advance at June 30, 2021 was $768,452 in the general fund, $187,775 in the bond retirement fund, $23,310 in the permanent improvement fund (a nonmajor governmental fund) and $14,490 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2020 was $670,355 in the general fund, $177,358 in the bond retirement fund, $20,389 in the permanent improvement fund (a nonmajor governmental fund) and $12,674 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2021 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

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

	2020 Second Half Collections		2021 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 242,806,470	95.86	$ 247,598,200	95.91
Public utility personal	10,496,330	4.14	10,566,300	4.09
Total	$ 253,302,800	100.00	$ 258,164,500	100.00
Tax rate per $1,000 of assessed valuation:				
General	$37.50		$37.50	
Bond	5.30		4.90	
Permanent improvement	1.30		1.30	
Facilities maintenance	0.50		0.50	

NOTE 7 - INCOME TAX

In November 2011, the District voters approved the replacement of the 1.00% tax on all income of individuals. Income taxes are now levied at 1.75% on earned income of individuals residing in the District. Employers of the residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2021 consisted of property taxes, income taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

NOTE 8 - RECEIVABLES - (Continued)

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	$ 6,087,824
Income taxes	1,558,060
Accounts	23,951
Accrued interest	2,135
Intergovernmental	144,199
Total	$ 7,816,169

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within subsequent years.

NOTE 9 - CAPITAL ASSETS

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

	Balance June 30, 2020	Additions	Disposals	Balance June 30, 2021
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 303,182	$ -	$ -	$ 303,182
Construction in progress	47,672	275,154	(92,155)	230,671
Total capital assets, not being depreciated	350,854	275,154	(92,155)	533,853
Capital assets, being depreciated:				
Land improvements	1,811,294	144,275	-	1,955,569
Buildings and improvements	29,422,276	2,126	-	29,424,402
Furniture, fixtures and equipment	2,312,552	76,123	(40,730)	2,347,945
Vehicles	1,863,451	-	-	1,863,451
Total capital assets, being depreciated	35,409,573	222,524	(40,730)	35,591,367
Less: accumulated depreciation:				
Land improvements	(1,072,090)	(80,088)	-	(1,152,178)
Buildings and improvements	(7,315,933)	(602,095)	-	(7,918,028)
Furniture, fixtures and equipment	(1,987,775)	(82,947)	40,730	(2,029,992)
Vehicles	(1,028,252)	(139,240)	-	(1,167,492)
Total accumulated depreciation	(11,404,050)	(904,370)	40,730	(12,267,690)
Governmental activities capital assets, net	$ 24,356,377	$ (406,692)	$ (92,155)	$ 23,857,530

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 244,295
Special	34,618
Vocational	16,554
Support services:	
Pupil	63,531
Instructional staff	36,051
Board of education	1,541
Administration	52,318
Fiscal	4,808
Business	3,862
Operations and maintenance	108,454
Pupil transportation	144,362
Central	29,283
Food service operations	49,463
Extracurricular	115,230
Total depreciation expense	$ 904,370

NOTE 10 - LONG-TERM OBLIGATIONS

During fiscal year 2021, the following changes occurred in governmental activities long-term obligations.

	Balance Outstanding 06/30/20	Additions	Reductions	Balance Outstanding 06/30/21	Amounts Due in One Year
Governmental activities:					
2016A School Improvement Refunding Bonds					
2.00-4.00% Serial Bonds $4,590,000	$ 4,365,000	$ -	$ (205,000)	$ 4,160,000	$ 210,000
4.00% Term Bonds $735,000	735,000	-	-	735,000	-
Premium on Debt Issue	504,398	-	(28,961)	475,437	-
2018 Refunding Bonds	7,040,000	-	(585,000)	6,455,000	610,000
Premium on Debt Issue	453,552	-	(48,165)	405,387	-
Net pension liability	13,437,223	1,465,665	-	14,902,888	-
Net OPEB liability	1,145,336	-	(138,966)	1,006,370	-
Compensated absences	1,344,809	273,676	(186,303)	1,432,182	192,253
Total long-term obligations, governmental activities	$ 29,025,318	$ 1,739,341	$ (1,192,395)	$ 29,572,264	$ 1,012,253

During fiscal year 2016, the District issued $5,325,000 in Series 2016A School Improvement Refunding Bonds to refund $5,355,000 of the 2009 School Improvement Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds outstanding at June 30, 2021 was $4,895,000.

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The issue is comprised of current interest bonds, par value $5,325,000. The interest rates on the current interest bonds range from 2.00% - 4.00%.

The reacquisition price exceeded the net carrying amount of the old debt by $434,083. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which has a final maturity date of December 1, 2027. This advance refunding was undertaken to reduce the combined total debt service payments by $1,078,633 and resulted in an economic gain of $799,846.

During fiscal year 2018, the District issued $8,245,000 in general obligation bonds to refund $8,585,000 of the Series 2007 School Improvement Refunding Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds outstanding at June 30, 2021 was $6,455,000.

The issue is comprised of current interest bonds par value $8,245,000. The interest rates on the current interest bonds range from 2.00% - 4.00%. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2029.

The reacquisition price exceeded the net carrying amount of the old debt by $1,581. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which has a final maturity date of December 1, 2029. This advance refunding was undertaken to reduce the combined total debt service payments by $837,948 and resulted in an economic gain of $708,281.

The detail on the net pension liability and net OPEB liability/asset can be found in Notes 12 and 13, respectively. The general fund typically is used to liquidate the net pension and net OPEB liabilities.

Compensated absences will be paid from the general fund and food service fund (a nonmajor governmental fund). The bonds will be paid from the bond retirement fund.

The following table provides a summary of the District's future obligation for the general obligation bonds:

	2016A School Improvement Refunding Bonds		
Fiscal Year Ending	Serial and Term Bonds		
June 30,	Principal	Interest	Total
2022	$ 210,000	$ 177,740	$ 387,740
2023	220,000	171,290	391,290
2024	225,000	164,615	389,615
2025	235,000	157,715	392,715
2026	240,000	150,590	390,590
2027 - 2031	1,350,000	605,150	1,955,150
2032 - 2036	1,660,000	303,750	1,963,750
2037 - 2038	755,000	24,885	779,885
Total	$ 4,895,000	$ 1,755,735	$6,650,735

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year Ending June 30,	2018 Refunding Bonds Current Interest Bonds Principal	Interest	Total
2022	$ 610,000	$ 246,000	$ 856,000
2023	635,000	221,100	856,100
2024	665,000	195,100	860,100
2025	695,000	167,900	862,900
2026	725,000	139,500	864,500
2027 - 2030	3,125,000	250,300	3,375,300
Total	$ 6,455,000	$ 1,219,900	$ 7,674,900

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2021 are a voted debt margin of $13,955,657, including available funds of $2,070,852, and an unvoted debt margin of $258,165.

NOTE 11 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District, along with other Districts in Ohio, participates in the Ohio School Plan (OSP), an insurance purchasing pool. Each individual District enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The District pays this annual premium to the Hylant Administrative Services, LLC (See Note 19). The District contracts for property, fleet, inland marine coverage, crime insurance, education general liability, employee benefits liability, employer's liability and stop gap, errors and omissions liability, and employment practices with the OSP.

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

Workers' Compensation

For fiscal year 2021, the District participated in the Ohio School Comp Workers' Compensation Group Rating Program, an insurance purchasing pool (Note 19). The intent of the Program is designed to reward participants that are able to keep their claim costs below a predetermined amount. Districts committed to improving workplace safety and accident prevention in order to reduce the frequency and severity of accidents involving their employees, should investigate this program further as an additional savings tool. The firm of Comp Management, a Sedgwick Company, provides administrative, cost control, and actuarial services to the Program.

NOTE 11 - RISK MANAGEMENT - (Continued)

Medical Benefits

For fiscal year 2021, the District participated in the Southwestern Ohio Educational Purchasing Council Benefit Plan Trust (Trust), a public entity shared risk pool consisting of 93 Districts (Note 19). The District pays monthly premiums to the Trust for employee medical, dental, and vision insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in pension and postemployment benefits payable on both the accrual and modified accrual bases of accounting.

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

Plan Description - The 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 after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; 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 years of service; 2.2% for the first thirty 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.

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the start of a COLA for future retirees. For 2021, the COLA was 0.5%.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the 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, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0%. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2021.

The District's contractually required contribution to SERS was $227,967 for fiscal year 2021. Of this amount, $15,092 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, 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 website at www.strsoh.org.

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) 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. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all of 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 the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 and after termination of employment.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. 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 to 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.

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 fiscal year 2021, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The District's contractually required contribution to STRS was $907,624 for fiscal year 2021. Of this amount, $167,416 is reported as pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the 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 and pension expense:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.04430010%	0.04877668%	
Proportion of the net pension liability current measurement date	0.04436550%	0.04946372%	
Change in proportionate share	0.00006540%	0.00068704%	
Proportionate share of the net pension liability	$ 2,934,428	$ 11,968,460	$ 14,902,888
Pension expense	$ 348,607	$ 1,562,198	$ 1,910,805

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 5,699	$ 26,856	$ 32,555
Net difference between projected and actual earnings on pension plan investments	186,275	582,026	768,301
Changes of assumptions	-	642,476	642,476
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	20,350	160,757	181,107
Contributions subsequent to the measurement date	227,967	907,624	1,135,591
Total deferred outflows of resources	$ 440,291	$ 2,319,739	$ 2,760,030

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 76,528	$ 76,528
Total deferred inflows of resources	$ -	$ 76,528	$ 76,528

$1,135,591 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$ 18,994	$ 451,556	$ 470,550
2023	57,366	240,869	298,235
2024	77,642	355,062	432,704
2025	58,322	288,100	346,422
Total	$ 212,324	$ 1,335,587	$ 1,547,911

Actuarial Assumptions - SERS

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

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investment expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2020, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was 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 most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined 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 average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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	2.00 %	1.85 %
US Equity	22.50	5.75
International Equity	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50%). 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 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 4,019,808	$ 2,934,428	$ 2,023,773

Actuarial Assumptions - STRS

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

	July 1, 2020
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

For the July 1, 2020, actuarial valuation, 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. Post-retirement disabled 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 %	

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

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2020. 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. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the 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 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	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 17,041,004	$ 11,968,460	$ 7,669,902

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

Plan Description - School Employees Retirement System (SERS)

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

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

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 the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was $23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% 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 2021, the District's surcharge obligation was $32,102.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was $32,102 for fiscal year 2021. Of this amount, $32,102 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements were 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.

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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, 2021, STRS did not allocate any employer contributions to post-employment health care.

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

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

Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.04554400%	0.04877668%	
Proportion of the net OPEB liability/asset current measurement date	0.04630550%	0.04946372%	
Change in proportionate share	0.00076150%	0.00068704%	
Proportionate share of the net OPEB liability	$ 1,006,370	$ -	$ 1,006,370
Proportionate share of the net OPEB asset	$ -	$ (869,325)	$ (869,325)
OPEB expense	$ 2,190	$ (45,890)	$ (43,700)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 13,218	$ 55,701	$ 68,919
Net difference between projected and actual earnings on OPEB plan investments	11,339	30,467	41,806
Changes of assumptions	171,550	14,350	185,900
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	55,492	22,130	77,622
Contributions subsequent to the measurement date	32,102	-	32,102
Total deferred outflows of resources	$ 283,701	$ 122,648	$ 406,349

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 511,810	$ 173,157	$ 684,967
Changes of assumptions	25,349	825,712	851,061
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	36,794	-	36,794
Total deferred inflows of resources	$ 573,953	$ 998,869	$ 1,572,822

$32,102 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$ (67,641)	$ (218,690)	$ (286,331)
2023	(66,823)	(198,068)	(264,891)
2024	(66,952)	(190,837)	(257,789)
2025	(59,502)	(187,498)	(247,000)
2026	(44,459)	(39,282)	(83,741)
Thereafter	(16,977)	(41,846)	(58,823)
Total	$ (322,354)	$ (876,221)	$ (1,198,575)

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.

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Measurement date	2.45%
Prior measurement date	3.13%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	2.63%
Prior measurement date	3.22%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50%, 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.

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45%, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate (7.00% decreasing to 4.75%).

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 1,231,772	$ 1,006,370	$ 827,176

	1% Decrease	Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 792,440	$ 1,006,370	$ 1,292,449

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation, compared with July 1, 2019, are presented below:

	July 1, 2020		July 1, 2019	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.00%	4.00%	5.87%	4.00%
Medicare	-6.69%	4.00%	4.93%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	7.73%	4.00%
Medicare	11.87%	4.00%	9.62%	4.00%

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

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50% 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, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2019.

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 %	

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

Discount Rate - The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2020. 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 to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2020.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 756,369	$ 869,325	$ 965,163

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 959,214	$ 869,325	$ 759,825

NOTE 14 - OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation, personal leave, sick leave, and compensatory time components are derived from negotiated agreements and State laws. Classified employees and administrators earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation or compensatory time. Personal leave is accrued at three days per fiscal year for all employees under contract for a full school year. Unused personal leave accumulates to a maximum of five days. Unused personal leave accumulation over five days may be converted to sick leave, cashed out, or donated to a sick leave bank. Accumulated, unused personal time is not paid upon termination of employment. Employees may be granted compensatory time for hours worked outside their regular business day. Unused compensatory time accumulates to a maximum of 240 hours and any accumulated, unused balance is paid out upon termination of employment.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 324 days for all certified employees and 300 days for all classified employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, not to exceed 314 days for certified employees and 290 days for classified employees.

Insurance Benefits

The District provides life insurance and accidental death and dismemberment insurance to all employees through the Sun Life Assurance Company of Canada. Medical/surgical benefits are provided by Anthem through the Southwestern Ohio Educational Purchasing Council Benefit Plan Trust (Trust) (Note 19). The District also provides dental insurance through Delta Dental and vision insurance through Vision Insurance Plan to all eligible employees.

Deferred Compensation Plan

District employees may elect to participate in the Ohio Public Employees Deferred Compensation Plan. The plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

125 Plan

The District provides its full–time employees, except those employed on an as needed basis, an option to participate in an I.R.C. Section 125 plan. Money allocated to this plan must be used for expenses covered by that benefit during that benefit year. Any monies not used by the end of the plan year are forfeited to the District. Employees may elect to have plan benefit dollars applied to a health care reimbursement plan, a dependent care assistance plan, or an insurance premium payment plan. Participation is renewed annually with each benefit year beginning October 1 and ending September 30. This plan has been included as part of the general fund and is administered by Horace Mann.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The statement of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

(a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

(d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,

(e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	General fund
Budget basis	$ (104,544)
Net adjustment for revenue accruals	429,913
Net adjustment for expenditure accruals	(42,126)
Net adjustment for other sources/uses	(39,109)
Funds budgeted elsewhere	846
Adjustment for encumbrances	187,260
GAAP basis	$ 432,240

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, public school support fund, section 125 employee benefits, and unclaimed monies fund.

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement 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 District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

NOTE 16 - CONTINGENCIES - (Continued)

B. Litigation

The District is not party to legal proceedings which, in the opinion of District management, will have a material effect, if any, on the financial condition of the District.

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year-end. ODE has finalized the impact of enrollment adjustments to the June 30, 2021 foundation funding for the District, which resulted in no material adjustments.

NOTE 17 - COVID-19

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

NOTE 18 - SET-ASIDES

The District is required by State law 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. Disclosure of this information is required by State statute.

	Capital Improvements
Set-aside balance June 30, 2020	$ -
Current year set-aside requirement	238,974
Current year offsets	(269,396)
Total	$ (30,422)
Balance carried forward to fiscal year 2022	$ -
Set-aside balance June 30, 2021	$ -

The District had current year offsets that reduced the capital improvements set-aside amount to zero.

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS, INSURANCE PURCHASING POOLS AND PUBLIC ENTITY RISK SHARING POOL

Jointly Governed Organizations

Metropolitan Educational Technology Association (META) Solutions:

The District is a participant in META Solutions which is a computer consortium that resulted from the mergers between Tri-Rivers Educational Computer Association (TRECA), Metropolitan Educational Council (MEC), Metropolitan Dayton Educational Cooperative Association (MDECA), Southeastern Ohio Valley Voluntary Education Cooperative (SEOVEC), and South Central Ohio Computer Association (SCOCA). META Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eleven of the member districts. During fiscal year 2021, the District paid META Solutions approximately $75,000 for services. Financial information can be obtained from the Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

Southwestern Ohio Educational Purchasing Council:

The District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of nearly 100 school districts and educational service centers in 12 counties. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During fiscal year 2021 the District did not make any payments to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, the Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Insurance Purchasing Pools

Ohio School Comp Workers' Compensation Group Rating Program:

The District participates in the Ohio School Comp Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool provided by Ohio School Board Association (OSBA). The GRP's business and affairs are conducted by a Board of Trustees consisting of a President and regional representatives. OSBA's executive director and regional managers serve on the board in an ex officio capacity. Each fiscal year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program. CompManagement, a Sedgwick Company, administers the GRP.

Ohio School Plan:

The District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP was created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the sole purpose of enabling members of the OSP to provide for a formalized, jointly administered self-insurance program to maintain adequate self-insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a 13 member Board of Directors consisting of school district superintendents and treasurers. The OSP has an agreement with Hylant Administrative Services, LLC to provide underwriting, claims management, risk management, accounting, system support services, sales and marketing to the OSP. Hylant Administrative Services, LLC also coordinates reinsurance brokerage services for the OSP.

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS, INSURANCE PURCHASING POOLS AND PUBLIC ENTITY RISK SHARING POOL - (Continued)

Public Entity Shared Risk Pool

Southwestern Ohio Educational Purchasing Council Benefit Plan Trust:

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

NOTE 20 - OTHER COMMITMENTS

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

Fund	Year-End Encumbrances
General fund	$ 156,267
Other governmental	259,385
Total	$ 415,652

NOTE 21 - SUBSEQUENT EVENT

For fiscal year 2022, District foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the educating school. For fiscal year 2021, the District reported $799,375 in expenditures/expenses related to these programs. Also, during fiscal year 2021, the District reported $406,362 in tuition and fees from the resident school districts which will be direct funded to the District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each District. The District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

THIS PAGE IS INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEE RETIREMENT SYSTEM (SERS) OF OHIO

LAST EIGHT FISCAL YEARS

	2021	2020	2019	2018
District's proportion of the net pension liability	0.04436550%	0.04430010%	0.04268290%	0.04469660%
District's proportionate share of the net pension liability	$ 2,934,428	$ 2,650,553	$ 2,444,529	$ 2,670,523
District's covered payroll	$ 1,566,393	$ 1,521,585	$ 1,392,511	$ 1,485,171
District's proportionate share of the net pension liability as a percentage of its covered payroll	187.34%	174.20%	175.55%	179.81%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014
0.04511140%	0.04375300%	0.04453500%	0.04453500%
$ 3,301,738	$ 2,496,589	$ 2,253,891	$ 2,648,354
$ 1,404,507	$ 1,317,193	$ 1,294,098	$ 1,304,783
235.08%	189.54%	174.17%	202.97%
62.98%	69.16%	71.70%	65.52%

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST EIGHT FISCAL YEARS

	2021	2020	2019	2018
District's proportion of the net pension liability	0.04946372%	0.04877668%	0.04855921%	0.04785502%
District's proportionate share of the net pension liability	$ 11,968,460	$ 10,786,670	$ 10,677,080	$ 11,368,063
District's covered payroll	$ 6,012,571	$ 5,710,471	$ 5,691,964	$ 5,185,214
District's proportionate share of the net pension liability as a percentage of its covered payroll	199.06%	188.89%	187.58%	219.24%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014
0.04770686%	0.04784818%	0.04857817%	0.04857817%
$ 15,968,924	$ 13,223,837	$ 11,815,892	$ 14,075,013
$ 5,060,821	$ 5,053,914	$ 4,963,354	$ 4,912,854
315.54%	261.66%	238.06%	286.49%
66.80%	72.10%	74.70%	69.30%

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually required contribution	$ 227,967	$ 219,295	$ 205,414	$ 187,989
Contributions in relation to the contractually required contribution	(227,967)	(219,295)	(205,414)	(187,989)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 1,628,336	$ 1,566,393	$ 1,521,585	$ 1,392,511
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017		2016		2015		2014		2013		2012	
$	207,924	$	196,631	$	173,606	$	179,362	$	180,582	$	174,885
	(207,924)		(196,631)		(173,606)		(179,362)		(180,582)		(174,885)
$	-	$	-	$	-	$	-	$	-	$	-
$	1,485,171	$	1,404,507	$	1,317,193	$	1,294,098	$	1,304,783	$	1,300,260
	14.00%		14.00%		13.18%		13.86%		13.84%		13.45%

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually required contribution	$ 907,624	$ 841,760	$ 799,466	$ 796,875
Contributions in relation to the contractually required contribution	(907,624)	(841,760)	(799,466)	(796,875)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 6,483,029	$ 6,012,571	$ 5,710,471	$ 5,691,964
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014	2013	2012
$ 725,930	$ 708,515	$ 707,548	$ 645,236	$ 638,671	$ 642,141
(725,930)	(708,515)	(707,548)	(645,236)	(638,671)	(642,141)
$ -	$ -	$ -	$ -	$ -	$ -
$ 5,185,214	$ 5,060,821	$ 5,053,914	$ 4,963,354	$ 4,912,854	$ 4,939,546
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FIVE FISCAL YEARS

	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.04630550%	0.04554400%	0.04348540%	0.04541810%	0.04576734%
District's proportionate share of the net OPEB liability	$ 1,006,370	$ 1,145,336	$ 1,206,402	$ 1,218,902	$ 1,304,538
District's covered payroll	$ 1,566,393	$ 1,521,585	$ 1,392,511	$ 1,485,171	$ 1,404,507
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	64.25%	75.27%	86.64%	82.07%	92.88%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FIVE FISCAL YEARS

	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability/asset	0.04946372%	0.48776680%	0.04855921%	0.04785502%	0.04770686%
District's proportionate share of the net OPEB liability/(asset)	$ (869,325)	$ (807,859)	$ (780,297)	$ 1,867,126	$ 2,551,375
District's covered payroll	$ 6,012,571	$ 5,710,471	$ 5,691,964	$ 5,185,214	$ 5,060,821
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	-14.46%	-14.15%	-13.71%	36.01%	50.41%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	182.13%	174.70%	176.00%	47.10%	37.30%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually required contribution	$ 32,102	$ 31,013	$ 36,087	$ 31,273
Contributions in relation to the contractually required contribution	(32,102)	(31,013)	(36,087)	(31,273)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 1,628,336	$ 1,566,393	$ 1,521,585	$ 1,392,511
Contributions as a percentage of covered payroll	1.97%	1.98%	2.37%	2.25%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017		2016		2015		2014		2013		2012	
$	25,038	$	23,381	$	33,793	$	24,377	$	21,515	$	34,405
	(25,038)		(23,381)		(33,793)		(24,377)		(21,515)		(34,405)
$	-	$	-	$	-	$	-	$	-	$	-
$	1,485,171	$	1,404,507	$	1,317,193	$	1,294,098	$	1,304,783	$	1,300,260
	1.69%		1.66%		2.57%		1.88%		1.65%		2.65%

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 6,483,029	$ 6,012,571	$ 5,710,471	$ 5,691,964
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014	2013	2012
$ -	$ -	$ -	$ 51,415	$ 49,219	$ 49,295
-	-	-	(51,415)	(49,219)	(49,295)
$ -	$ -	$ -	$ -	$ -	$ -
$ 5,185,214	$ 5,060,821	$ 5,053,914	$ 4,963,354	$ 4,912,854	$ 4,939,546
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2021.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2019-2021.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

(Continued)

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: 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, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%. For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% 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. For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate. For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to (6.69%) initial - 4.00% ultimate; prescription drug pre-medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate and prescription drug medicare 9.62 initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.

This page intentionally left blank.

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Assistance Listing Number**	**Expenditures**	**Non-Cash Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
COVID-19 National School Lunch Program	10.555	$21,473	
National School Lunch Program	10.555	335,418	$24,127
Total Child Nutrition Cluster		356,891	24,127
Total U.S. Department of Agriculture		**356,891**	**24,127**
U.S. DEPARTMENT OF THE TREASURY			
Passed Through Ohio Department of Education			
COVID-19 Coronavirus Relief Fund	21.019	67,835	
Passed Through Lost Creek Township			
COVID-19 Coronavirus Relief Fund	21.019	93,272	
Total COVID-19 Cornavirus Relief Fund and U.S. Department of the Treasury		**161,107**	
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Title I Grants to Local Educational Agencies	84.010	101,367	
Special Education Cluster:			
Special Education Grants to States	84.027	242,095	
Total Special Education Cluster		242,095	
Supporting Effective Instruction State Grants	84.367	25,311	
Student Support and Academic Enrichment Program	84.424	10,035	
COVID-19 Education Stabilization Fund	84.425D	141,671	
Total U.S. Department of Education		**520,479**	
Total Expenditures of Federal Awards		**$1,038,477**	**$24,127**

The accompanying notes are an integral part of this schedule.

MIAMI EAST LOCAL 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, 2021

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with Ohio Department of Education’s consent, schools can transfer unobligated amounts to the subsequent fiscal year’s program. The District transferred the following amounts from 2021 to 2022 programs:

Program Title	AL Number	Amt. Transferred
Title I Grants to Local Educational Agencies	84.010	$ 653

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

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

Miami East Local School District
Miami County
3825 North State Route 589
Casstown, Ohio 45312

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Miami East Local School District, Miami County, (the District) as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 8, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

June 8, 2022

OHIO AUDITOR OF STATE
KEITH FABER

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

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

Miami East Local School District
Miami County
3825 North State Route 589
Casstown, Ohio 45312

To the Board of Education:

Report on Compliance for each Major Federal Program

We have audited Miami East Local School District's (the 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 Miami East Local School District's major federal programs for the fiscal year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies each of the District's major federal programs.

Management's Responsibility

The 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 District's compliance for each of the 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 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 District's major programs. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

The 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 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 District's internal control over compliance.

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

June 8, 2022

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Child Nutrition Cluster Title I Grants to Local Educational Agencies (AL #84.010)
(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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

This page intentionally left blank.

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

OHIO AUDITOR OF STATE
KEITH FABER

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY
JUNE 30, 2020

TABLE OF CONTENTS

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY
JUNE 30, 2020

TABLE OF CONTENTS
(Continued)

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

INDEPENDENT AUDITOR'S REPORT

Miami East Local School District
Miami County
3825 North State Route 589
Casstown, Ohio 45312

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the 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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, during fiscal year 2020, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Also, during fiscal year 2020 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 District. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

June 8, 2022

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

Financial Highlights

Key financial highlights for fiscal year 2020 are as follows:

- In total, net position of governmental activities increased $973,853 which represents a 9.15% increase from June 30, 2019's restated net position.

- General revenues accounted for $16,123,675 in revenue or 87.28% of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for $2,350,264 or 12.72% of total revenues of $18,473,939.

- The District had $17,500,086 in expenses related to governmental activities; $2,350,264 of these expenses was offset by program specific charges for services and operating grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of $16,123,675 were adequate to provide for these programs.

- The District's major governmental funds are the general fund and the bond retirement fund. The general fund had $15,506,567 in revenues and other financing sources and $14,193,268 in expenditures. During fiscal year 2020, the general fund's fund balance increased $1,313,299 from $9,540,925 to $10,854,224.

- The bond retirement fund had $1,380,689 in revenues and $1,256,197 in expenditures. During fiscal year 2020, the bond retirement fund's fund balance increased $124,492 from $1,878,640 to $2,003,132.

Using these Basic Financial Statements

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

The *statement of net position* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and the bond retirement fund are by far the most significant funds, and the only governmental funds reported as major funds.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2020?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net position and statement of activities can be found on pages 105-106 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 101. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the bond retirement fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 107-111 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 113-154 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability/asset. The required supplementary information can be found on pages 156-171 of this report.

The District as a Whole

Recall that the statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position at June 30, 2020 and June 30, 2019. The net position at June 30, 2019 has been restated as described in Note 3.B.

Net Position

	Governmental Activities 2020	Restated Governmental Activities 2019
Assets		
Current and other assets	$ 21,080,341	$ 19,405,272
Net OPEB asset	807,859	780,297
Capital assets, net	24,356,377	24,969,274
Total assets	46,244,577	45,154,843
Deferred Outflows of Resources		
Unamortized deferred charges on debt refunding	354,274	374,676
Pension	2,635,654	3,471,980
OPEB	302,023	177,675
Total deferred outflows of resources	3,291,951	4,024,331
Liabilities		
Current liabilities	1,752,490	1,652,107
Long-term liabilities:		
Due within one year	991,061	924,472
Due in more than one year:		
Net pension liability	13,437,223	13,121,609
Net OPEB liability	1,145,336	1,206,402
Other amounts	13,451,698	14,290,660
Total liabilities	30,777,808	31,195,250
Deferred Inflows of Resources		
Property taxes levied for next year	5,155,741	5,050,946
Pension	642,603	917,167
OPEB	1,343,866	1,373,154
Total deferred inflows of resources	7,142,210	7,341,267
Net Position		
Net investment in capital assets	11,580,423	11,344,433
Restricted	2,976,832	2,730,823
Unrestricted (deficit)	(2,940,745)	(3,432,599)
Total net position (restated)	$ 11,616,510	$ 10,642,657

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.
GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability/asset. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2020, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by $11,616,510. Of this total, $2,976,832 is restricted in use.

Assets of the District increased $1,089,734 or 2.41%. This increase is due mainly to an increase in equity in pooled cash and cash equivalents held by the District.

Deferred outflows related to pension decreased primarily due to changes in assumptions by the State Teachers Retirement System (STRS). See Note 12 for more detail.

Total assets include a net OPEB asset reported by STRS. See Note 13 for more detail.

At year-end, capital assets represented 52.67% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. Net investment in capital assets at June 30, 2020, was $11,580,423. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

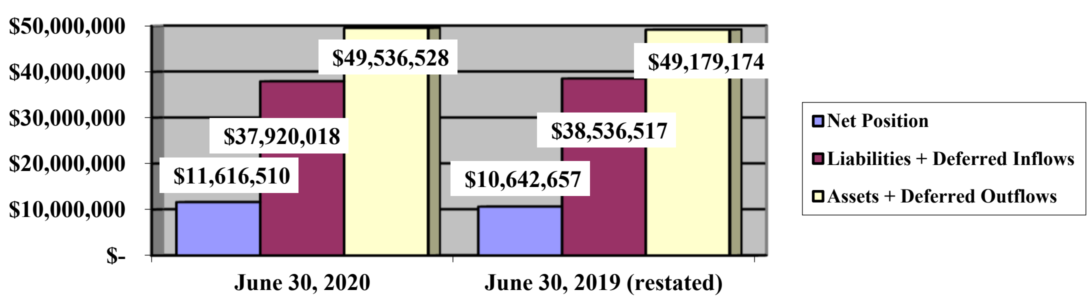
Deferred inflows related to OPEB decreased primarily due to changes in assumptions by STRS. See Note 13 for more detail.

Liabilities of the District decreased $417,442 or 1.34%. Long-term liabilities decreased primarily due to a decrease in the net OPEB liability and other long-term obligations. The net OPEB liability is outside of the control of the District. The District contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions and OPEB to District employees, not the District.

A portion of the District's net position, $2,976,832, represents resources that are subject to external restriction on how they may be used. The largest portion of restricted net position is $1,972,408 that is restricted for debt service. The remaining balance of unrestricted net position is ($2,940,745). The increase in unrestricted net position is associated with the increase in general fund balance and the overall decrease in net pension liability and net OPEB liability.

The graph below shows the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2020 and June 30, 2019. The net position at June 30, 2019 has been restated as described in Note 3.B.

Governmental Activities



The table below shows the change in net position for fiscal years 2020 and 2019. Due to practicality, 2019 revenues and expenses in the table below have not been adjusted to reflect the implementation of GASB No. 84 (see Note 3). Rather, the cumulative impact of applying GASB No. 84 is reflected in the beginning net position for 2019.

Change in Net Position

	Governmental Activities 2020	Restated Governmental Activities 2019
Revenues		
Program revenues:		
Charges for services and sales	$ 1,173,380	$ 1,180,958
Operating grants and contributions	1,176,884	954,983
General revenues:		
Property taxes	6,062,995	5,748,707
Income taxes	3,825,622	3,491,686
Unrestricted grants and entitlements	5,938,304	6,205,302
Investment earnings	199,069	265,428
Other	97,685	82,173
Total revenues	18,473,939	17,929,237
Expenses		
Program expenses:		
Instruction:		
Regular	7,153,885	5,776,921
Special	1,799,987	1,468,379
Vocational	107,380	88,380
Other	932,115	1,127,036
Support services:		
Pupil	934,401	879,428
Instructional staff	687,986	715,782
Board of education	28,176	29,043
Administration	1,011,319	805,188
Fiscal	537,730	389,797
Business	122,552	89,248
Operations and maintenance	1,471,476	1,274,221
Pupil transportation	1,029,859	926,995
Central	141,365	141,855
Operations of non-instructional services:		
Other non-instructional services	19,402	4,623
Food service operations	395,938	368,948
Extracurricular activities	713,261	532,864
Interest and fiscal charges	413,254	437,846
Total expenses	17,500,086	15,056,554
Change in net position	973,853	2,872,683
Net position at beginning of year (restated)	10,642,657	7,769,974
Net position at end of year	$ 11,616,510	$ 10,642,657

Governmental Activities

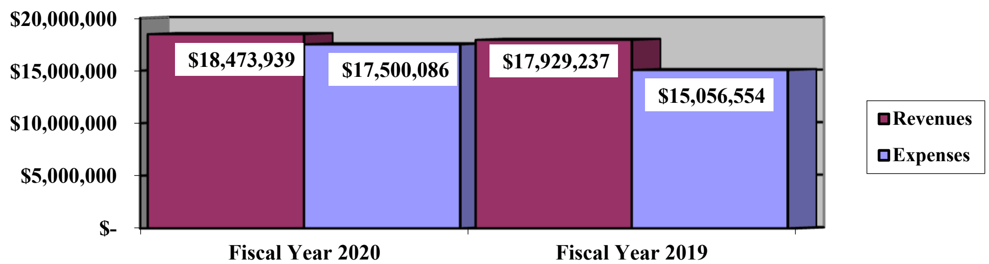
Net position of the District's governmental activities increased $973,853. Total governmental expenses of $17,500,086 were offset by program revenues of $2,350,264 and general revenues of $16,123,675. Program revenues supported 13.43% of the total governmental expenses.

Overall, expenses of the governmental activities increased $2,443,532 or 16.23%. This increase is primarily due to an increase in pension and OPEB expense.

On an accrual basis, the District reported $1,938,431 and $1,144,177 in pension expense for fiscal year 2020 and 2019, respectively. In addition, the District reported ($211,251) and ($1,642,208) in OPEB expense for fiscal year 2020 and 2019, respectively. The increase in both the net pension expense and the OPEB expense from fiscal year 2019 to fiscal year 2020 was $2,225,211. This increase is primarily the result of the benefit changes by the retirement systems. Fluctuations in the pension and OPEB expense makes it difficult to compare financial information between years. Pension and OPEB expense are components of program expenses reported on the statement of activities.

The graph below presents the District's governmental activities revenues and expenses for fiscal year 2020 and 2019.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. The total cost of services represents the total cost the District incurred to provide the service and the net cost of services represents the cost of the service after applying specific program revenues attributable to that service.

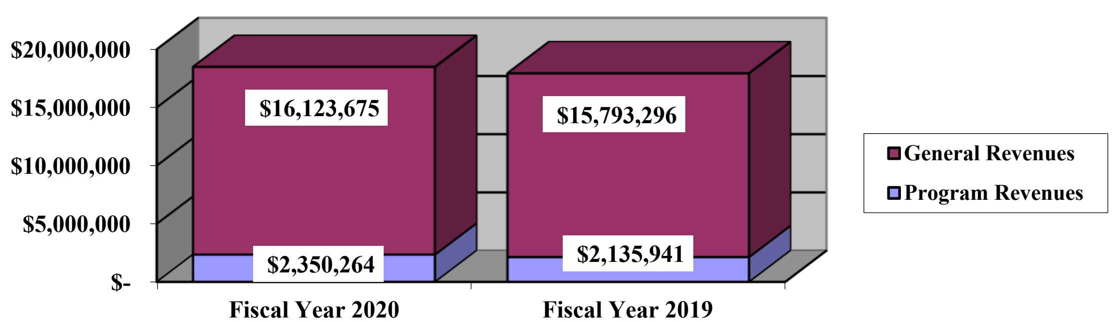
Governmental Activities

	Total Cost of Services 2020	Net Cost of Services 2020	Total Cost of Services 2019	Net Cost of Services 2019
Program expenses				
Instruction:				
Regular	$ 7,153,885	$ 6,367,743	$ 5,776,921	$ 5,045,753
Special	1,799,987	1,109,774	1,468,379	764,438
Vocational	107,380	33,184	88,380	14,155
Other	932,115	932,115	1,127,036	1,127,036
Support services:				
Pupil	934,401	845,448	879,428	861,459
Instructional staff	687,986	670,383	715,782	698,961
Board of education	28,176	28,176	29,043	29,043
Administration	1,011,319	1,004,290	805,188	803,303
Fiscal	537,730	526,057	389,797	370,444
Business	122,552	109,999	89,248	89,248
Operations and maintenance	1,471,476	1,467,308	1,274,221	1,235,022
Pupil transportation	1,029,859	991,317	926,995	888,651
Central	141,365	141,365	141,855	141,855
Operations of non-instructional services:				
Other non-instructional services	19,402	(2,948)	4,623	3,624
Food service operations	395,938	120,168	368,948	29,398
Extracurricular activities	713,261	392,189	532,864	380,377
Interest and fiscal charges	413,254	413,254	437,846	437,846
Total expenses	$ 17,500,086	$ 15,149,822	$ 15,056,554	$ 12,920,613

The dependence upon tax and other general revenues for governmental activities is apparent, as 84.48% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 86.57%. The District's taxpayers and unrestricted grants and entitlements are by far the primary support for District's students.

The graph below presents the District's governmental activities revenues for fiscal year 2020 and 2019.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of $13,796,500 which is more than last year's total of $12,335,718. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2020 and June 30, 2019. The fund balance at June 30, 2019 has been restated as described in Note 3.B.

	Fund Balance June 30, 2020	Restated Fund Balance June 30, 2019	Change	Percentage Change
General	$ 10,854,224	$ 9,540,925	$ 1,313,299	13.76 %
Bond Retirement	2,003,132	1,878,640	124,492	6.63 %
Other Governmental	939,144	916,153	22,991	2.51 %
Total	$ 13,796,500	$ 12,335,718	$ 1,460,782	11.84 %

General Fund

The District's general fund balance increased $1,313,299.

Revenues of the general fund increased $161,359 or 1.05%. This increase can be attributed to an increase in property taxes.

Expenditures of the general fund increased $55,232 or 0.39%. The most significant increase was in the area of support services. These increases resulted from salary and benefit increases to District staff.

The table that follows assists in illustrating the financial activities of the general fund.

	2020 Amount	2019 Amount	Change	Percentage Change
Revenues				
Taxes	$ 8,394,906	$ 7,804,502	$ 590,404	7.56 %
Tuition	556,205	663,882	(107,677)	(16.22) %
Earnings on investments	199,069	265,428	(66,359)	(25.00) %
Intergovernmental	6,115,979	6,379,111	(263,132)	(4.12) %
Other revenues	236,573	228,450	8,123	3.56 %
Total	$ 15,502,732	$ 15,341,373	$ 161,359	1.05 %
Expenditures				
Instruction	$ 8,750,313	$ 8,728,095	$ 22,218	0.25 %
Support services	5,115,186	5,054,067	61,119	1.21 %
Non-instructional services	2,585	1,912	673	35.20 %
Extracurricular activities	325,184	336,884	(11,700)	(3.47) %
Facilities acquisition and construction	-	17,078	(17,078)	(100.00) %
Total	$ 14,193,268	$ 14,138,036	$ 55,232	0.39 %

Bond Retirement Fund

The bond retirement fund had $1,380,689 in revenues and $1,256,197 in expenditures. During fiscal year 2020, the bond retirement fund's fund balance increased $124,492 from $1,878,640 to $2,003,132. The increase in fund balance is the result of property tax collections exceeding expenditures during the fiscal year.

General Fund Budgeting Highlights

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

For the general fund, original budgeted revenues and other financing sources were $15,451,256. Final budgeted revenues and other financing sources for fiscal year 2020 was $15,366,545. This represents a $84,711 decrease from original budgeted revenues. Actual revenues and other financing sources were $15,365,096.

General fund original and final appropriations (appropriated expenditures including other financing uses) totaled $16,437,241. The actual budget basis expenditures for fiscal year 2020 totaled $14,611,541, which was $1,825,700 less than the final budgeted appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2020, the District had $24,356,377 invested in land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2020 balances compared to June 30, 2019:

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2020	2019
Land	$ 303,182	$ 303,182
Construction in progress	47,672	84,945
Land improvements	739,204	813,163
Building and improvements	22,106,343	22,623,459
Furniture, fixtures and equipment	324,777	351,245
Vehicles	835,199	793,280
Total	$ 24,356,377	$ 24,969,274

The overall decrease in capital assets of $612,897 is due to current year depreciation of $900,031 and disposals (net of accumulated depreciation) of $85,017 exceeding additions (net of accumulated depreciation) of $372,151. See Note 9 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2020, the District had $12,140,000 in general obligation bonds payable. Of this total, $790,000 is due within one year and $11,350,000 is due in more than one year.

The following table summarizes the bonds outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2020	Governmental Activities 2019
2016A school improvement refunding bonds	$ 5,100,000	$ 5,295,000
2018 refunding bonds	7,040,000	7,610,000
Total	$ 12,140,000	$ 12,905,000

See Note 10 to the basic financial statements for additional information on the District's debt administration.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Mr. Alexander Hix, Treasurer, Miami East Local School District, 3825 N. State Route 589, Casstown, Ohio 45312.

THIS PAGE IS INTENTIONALLY LEFT BLANK

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	$ 13,442,304
Receivables:	
Property taxes	6,077,147
Income taxes	1,351,147
Accounts	55,827
Accrued interest	6,568
Intergovernmental	71,562
Prepayments	20,282
Materials and supplies inventory	48,992
Inventory held for resale	6,512
Net OPEB asset	807,859
Capital assets:	
Nondepreciable capital assets	350,854
Depreciable capital assets, net	24,005,523
Capital assets, net	24,356,377
Total assets	46,244,577
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	354,274
Pension	2,635,654
OPEB	302,023
Total deferred outflows of resources	3,291,951
Liabilities:	
Accounts payable	103,804
Contracts payable	28,447
Retainage payable	3,831
Accrued wages and benefits payable	1,251,060
Intergovernmental payable	91,005
Pension and postemployment benefits payable	192,296
Accrued interest payable	38,566
Payroll withholding payable	18,198
Unearned revenue	25,283
Long-term liabilities:	
Due within one year	991,061
Due in more than one year:	
Net pension liability	13,437,223
Net OPEB liability	1,145,336
Other amounts due in more than one year	13,451,698
Total liabilities	30,777,808
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	5,155,741
Pension	642,603
OPEB	1,343,866
Total deferred inflows of resources	7,142,210
Net position:	
Net investment in capital assets	11,580,423
Restricted for:	
Capital projects	494,775
Classroom facilities maintenance	118,395
Debt service	1,972,408
State funded programs	160,101
Federally funded programs	3,218
Student activities	211,195
Other purposes	16,740
Unrestricted (deficit)	(2,940,745)
Total net position	$ 11,616,510

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:				
Instruction:				
Regular	$ 7,153,885	$ 624,946	$ 161,196	$ (6,367,743)
Special	1,799,987	10,854	679,359	(1,109,774)
Vocational	107,380	-	74,196	(33,184)
Other	932,115	-	-	(932,115)
Support services:				
Pupil	934,401	15,829	73,124	(845,448)
Instructional staff	687,986	1,945	15,658	(670,383)
Board of education	28,176	-	-	(28,176)
Administration	1,011,319	1,661	5,368	(1,004,290)
Fiscal	537,730	11,673	-	(526,057)
Business	122,552	-	12,553	(109,999)
Operations and maintenance	1,471,476	4,168	-	(1,467,308)
Pupil transportation	1,029,859	28,612	9,930	(991,317)
Central	141,365	-	-	(141,365)
Operation of non-instructional services:				
Other non-instructional services	19,402	19,683	2,667	2,948
Food service operations	395,938	188,904	86,866	(120,168)
Extracurricular activities	713,261	265,105	55,967	(392,189)
Interest and fiscal charges	413,254	-	-	(413,254)
Total governmental activities	$ 17,500,086	$ 1,173,380	$ 1,176,884	(15,149,822)
General revenues:				
Property taxes levied for:				
General purposes				4,632,753
Facilities maintenance				85,991
Debt service				1,205,982
Capital outlay				138,269
Income taxes levied for:				
General purposes				3,825,622
Grants and entitlements not restricted to specific programs				5,938,304
Investment earnings				199,069
Miscellaneous				97,685
Total general revenues				16,123,675
Change in net position				973,853
Net position at beginning of year (restated)				10,642,657
Net position at end of year				$ 11,616,510

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash				
and cash equivalents	$ 10,593,878	$ 1,825,774	$ 1,022,652	$ 13,442,304
Receivables:				
Property taxes	4,675,113	1,177,351	224,683	6,077,147
Income taxes	1,351,147	-	-	1,351,147
Accounts	30,000	-	25,827	55,827
Accrued interest	6,568	-	-	6,568
Interfund loans	69,570	-	-	69,570
Intergovernmental	16,580	-	54,982	71,562
Prepayments	9,365	-	10,917	20,282
Materials and supplies inventory	48,492	-	500	48,992
Inventory held for resale	-	-	6,512	6,512
Total assets	$ 16,800,713	$ 3,003,125	$ 1,346,073	$ 21,149,911
Liabilities:				
Accounts payable	$ 70,927	$ -	$ 32,877	$ 103,804
Contracts payable	-	-	28,447	28,447
Retainage payable	-	-	3,831	3,831
Accrued wages and benefits payable	1,212,154	-	38,906	1,251,060
Intergovernmental payable	90,576	-	429	91,005
Pension and postemployment benefits payable	184,894	-	7,402	192,296
Interfund loans payable	-	-	69,570	69,570
Payroll withholding	18,198	-	-	18,198
Unearned revenue	-	-	25,283	25,283
Total liabilities	1,576,749	-	206,745	1,783,494
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	3,973,480	992,151	190,110	5,155,741
Delinquent property tax revenue not available	31,278	7,842	1,510	40,630
Income tax revenue not available	329,149	-	-	329,149
Intergovernmental revenue not available	14,461	-	5,925	20,386
Miscellaneous revenue not available	21,372	-	2,639	24,011
Total deferred inflows of resources	4,369,740	999,993	200,184	5,569,917
Fund balances:				
Nonspendable:				
Materials and supplies inventory	48,492	-	500	48,992
Prepayments	9,365	-	10,917	20,282
Unclaimed monies	2,309	-	-	2,309
Restricted:				
Debt service	-	2,003,132	-	2,003,132
Capital improvements	-	-	461,566	461,566
Classroom facilities maintenance	-	-	117,816	117,816
Student wellness	-	-	149,340	149,340
Special education	-	-	157,601	157,601
Other purposes	-	-	15,765	15,765
Extracurricular activities	-	-	40,234	40,234
Scholarships	-	-	11,736	11,736
Assigned:				
Student instruction	19,135	-	-	19,135
Student and staff support	332,026	-	-	332,026
Extracurricular activities	2,984	-	-	2,984
Subsequent year's appropriations	2,259,243	-	-	2,259,243
Other purposes	1,000	-	-	1,000
Unassigned (deficit)	8,179,670	-	(26,331)	8,153,339
Total fund balances	10,854,224	2,003,132	939,144	13,796,500
Total liabilities, deferred inflows and fund balances	$ 16,800,713	$ 3,003,125	$ 1,346,073	$ 21,149,911

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2020

Total governmental fund balances		$ 13,796,500
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		24,356,377
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	$ 40,630	
Income taxes receivable	329,149	
Accounts receivable	24,011	
Intergovernmental receivable	20,386	
Total		414,176
Unamortized premiums on bonds issued are not recognized in the funds.		(957,950)
Unamortized amounts on refundings are not recognized in the funds.		354,274
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(38,566)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred outflows of resources - pension	2,635,654	
Deferred inflows of resources - pension	(642,603)	
Net pension liability	(13,437,223)	
Total		(11,444,172)
The net OPEB liability/asset is not due and payable in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in governmental funds:		
Deferred outflows of resources - OPEB	302,023	
Deferred inflows of resources - OPEB	(1,343,866)	
Net OPEB asset	807,859	
Net OPEB liability	(1,145,336)	
Total		(1,379,320)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(12,140,000)	
Compensated absences	(1,344,809)	
Total		(13,484,809)
Net position of governmental activities		$ 11,616,510

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Property taxes	$ 4,617,933	$ 1,202,552	$ 223,549	$ 6,044,034
Income taxes	3,776,973	-	-	3,776,973
Tuition	556,205	-	-	556,205
Transportation fees	22,957	-	-	22,957
Earnings on investments	199,069	-	1,386	200,455
Charges for services	-	-	200,733	200,733
Extracurricular	33,541	-	281,583	315,124
Classroom materials and fees	73,851	-	-	73,851
Rental income	4,020	-	-	4,020
Contributions and donations	14,091	-	44,625	58,716
Other local revenues	88,113	-	13,775	101,888
Intergovernmental - state	6,115,979	178,137	204,454	6,498,570
Intergovernmental - federal	-	-	560,535	560,535
Total revenues	15,502,732	1,380,689	1,530,640	18,414,061
Expenditures:				
Current:				
Instruction:				
Regular	6,405,926	-	64,757	6,470,683
Special	1,326,064	-	375,273	1,701,337
Vocational	86,208	-	-	86,208
Other	932,115	-	-	932,115
Support services:				
Pupil	822,281	-	25,319	847,600
Instructional staff	548,529	-	84,262	632,791
Board of education	25,961	-	-	25,961
Administration	896,305	-	-	896,305
Fiscal	451,935	19,782	23,939	495,656
Business	101,909	-	3	101,912
Operations and maintenance	1,219,270	-	149,772	1,369,042
Pupil transportation	945,198	-	92,700	1,037,898
Central	103,798	-	-	103,798
Operation of non-instructional services:				
Other non-instructional services	2,585	-	16,817	19,402
Food service operations	-	-	328,729	328,729
Extracurricular activities	325,184	-	260,119	585,303
Facilities acquisition and construction	-	-	82,124	82,124
Debt service:				
Principal retirement	-	765,000	-	765,000
Interest and fiscal charges	-	471,415	-	471,415
Total expenditures	14,193,268	1,256,197	1,503,814	16,953,279
Excess of revenues over expenditures	1,309,464	124,492	26,826	1,460,782
Other financing sources:				
Transfers in	3,835	-	-	3,835
Transfers (out)	-	-	(3,835)	(3,835)
Total other financing sources	3,835	-	(3,835)	-
Net change in fund balances	1,313,299	124,492	22,991	1,460,782
Fund balances at beginning of year (restated)	9,540,925	1,878,640	916,153	12,335,718
Fund balances at end of year	$ 10,854,224	$ 2,003,132	$ 939,144	$ 13,796,500

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds		$ 1,460,782
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	$ 287,206	
Current year depreciation	(900,031)	
Total		(612,825)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(72)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	18,961	
Income taxes	48,649	
Charges for services	(156)	
Extracurricular	(459)	
Classroom materials and fees	(10,923)	
Other local revenue	(6,456)	
Intergovernmental	10,262	
Total		59,878
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		765,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Change in accrued interest payable	1,437	
Amortization of bond premiums	77,126	
Amortization of deferred charges	(20,402)	
Total		58,161
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension		1,061,055
OPEB		31,013
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability/net OPEB liability/asset are reported as pension expense/OPEB expense statement of activities.		
Pension		(1,938,431)
OPEB		211,251
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(121,959)
Change in net position of governmental activities		$ 973,853

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
From local sources:				
Property taxes	$ 5,713,171	$ 4,529,120	$ 4,529,120	$ -
Income taxes.	-	3,774,525	3,774,525	-
Tuition.	865,824	556,205	556,205	-
Transportation fees.	34,511	22,957	22,957	-
Earnings on investments	343,008	199,670	199,670	-
Extracurricular.	1,870	1,197	1,197	-
Classroom materials and fees	58,880	39,095	39,095	-
Rental income	7,740	4,020	4,020	-
Contributions and donations	37,837	537	537	-
Other local revenues	24,510	44,698	44,698	-
Intergovernmental - state	8,304,750	6,120,052	6,128,603	8,551
Total revenues	15,392,101	15,292,076	15,300,627	8,551
Expenditures:				
Current:				
Instruction:				
Regular	7,323,317	7,323,317	6,452,973	870,344
Special.	1,330,076	1,330,076	1,325,835	4,241
Vocational.	92,833	92,833	86,648	6,185
Other.	1,290,364	1,290,364	935,171	355,193
Support services:				
Pupil.	880,310	880,310	791,980	88,330
Instructional staff	796,975	796,975	547,510	249,465
Board of education	33,518	33,518	26,979	6,539
Administration.	1,017,422	1,017,422	942,702	74,720
Fiscal	444,483	444,483	456,357	(11,874)
Business	114,428	114,428	141,676	(27,248)
Operations and maintenance.	1,391,450	1,391,450	1,338,198	53,252
Pupil transportation	1,209,955	1,209,955	1,090,461	119,494
Central.	108,568	108,568	67,935	40,633
Other operation of non-instructional services	-	-	1,034	(1,034)
Extracurricular activities.	389,657	389,657	323,096	66,561
Facilities acquisition and construction	13,885	13,885	-	13,885
Total expenditures	16,437,241	16,437,241	14,528,555	1,908,686
Excess (deficiency) of revenues over (under) expenditures.	(1,045,140)	(1,145,165)	772,072	1,917,237
Other financing sources (uses):				
Refund of prior year's expenditures	59,144	57,316	57,316	-
Refund of prior year's receipts.	-	-	(8,581)	(8,581)
Transfers in	-	3,835	3,835	-
Transfers (out).	-	-	(4,835)	(4,835)
Advances in.	-	10,000	-	(10,000)
Advances (out)	-	-	(69,570)	(69,570)
Sale of capital assets	11	3,318	3,318	-
Total other financing sources.	59,155	74,469	(18,517)	(92,986)
Net change in fund balance	(985,985)	(1,070,696)	753,555	1,824,251
Fund balance at beginning of year	8,863,650	8,863,650	8,863,650	-
Prior year encumbrances appropriated	467,377	467,377	467,377	-
Fund balance at end of year	$ 8,345,042	$ 8,260,331	$ 10,084,582	$ 1,824,251

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

NOTE 1 - DESCRIPTION OF THE DISTRICT

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

The District was established in 1956 through the consolidation of existing land areas and Districts. The District serves an area of approximately 118 square miles. It is located in Miami County, and includes all of the Villages of Casstown and Fletcher; Brown, Elizabeth, Lostcreek and Staunton Townships; and portions of Springcreek and Bethel Townships.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The District participates in two jointly governed organizations, two insurance purchasing pools and one public entity shared risk pool. These organizations are discussed in Note 19 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

Metropolitan Educational Technology Association (META) Solutions
Southwestern Ohio Educational Purchasing Council

Insurance Purchasing Pools:

Ohio School Comp Workers' Compensation Group Rating Program
Ohio School Plan

Public Entity Shared Risk Pool:

Southwestern Ohio Educational Purchasing Council Benefit Plan Trust

B. Fund Accounting

The 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. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions.

Governmental Funds

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

General fund - The general fund is the operating fund of the District and is used to account for and report all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond retirement fund - The bond retirement fund accounts for and reports the accumulation of restricted property taxes received and the payment of general obligation bond principal and interest.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specific purposes other than debt service or capital projects.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Proprietary Funds

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District has no fiduciary funds.

C. Basis of Presentation

The 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 District as a whole. These statements include the financial activities of the primary government. The government-wide financial statements usually distinguish between those activities that are governmental and those that are considered business-type. The District; however, has no business-type activities.

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

Fund Financial Statements - During the fiscal year, the District segregates transactions related to certain 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 District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

D. Measurement Focus

Government-Wide Financial Statements **-** The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

E. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined, and “available” means that the resources will be collected within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the fiscal year in which the exchange on which the tax is imposed takes place and revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, income taxes, tuition, student fees, grants, and gifts and donations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, See Notes 12 and 13 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes, income taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, See Notes 12 and 13 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue. Unused donated commodities are reported as intergovernmental revenue.

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

F. Cash and Cash Equivalents

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

During fiscal year 2020, the District invested in STAR Ohio (State Treasury Asset Reserve of Ohio). Investments are reported at fair value which is based on quoted market prices. For investments in open-end mutual funds, the fair value is determined by the fund's current share price.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

During fiscal year 2020, the District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 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 of all deposits and 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 participant will be combined for these purposes.

Following Ohio Statute, the Board of Education has, by resolution, specified the funds to receive an allocation of investment earnings. Investment earnings credited to the General Fund during fiscal year 2020 amounted to $199,069 which includes $43,635 assigned from other District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are presented on the financial statements as cash and cash equivalents.

G. Inventory

On government-wide and fund financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when used. Donated commodities are presented at their entitlement value. Inventories are accounted for using the consumption method.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepayments using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed. On the fund financial statements, reported prepayments are equally offset by a nonspendable fund balance.

I. Capital Assets

The District's only capital assets are general capital assets. General capital assets are capital assets that are associated with and generally arise from governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

All capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of $750. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Description	Useful Lives
Land Improvements	7 years
Buildings and Improvements	20 - 50 years
Furniture, Fixtures and Equipment	3 - 15 years
Vehicles	5 - 10 years

J. Accrued Liabilities and Long-Term Obligations

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

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

K. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for all employees after 10 years of current service with the District.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

L. Unamortized Bond Premiums/Issuance Costs/Compounded Interest on Capital Appreciation Bonds

On the government-wide financial statements bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Capital appreciation bonds are accreted each fiscal year for the compounded interest during the fiscal year. Bond premiums and the interest on the capital appreciation bonds are presented as an addition to the face amount of bonds payable. Issuance costs are expensed in the year they occur.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the period in which the debt is issued. Accretion on the capital appreciation bonds is not recorded.

M. Loss on Advance Refunding

On the government-wide financial statements, an advance refunding resulting in the defeasance of debt generates an accounting gain/loss calculated by comparing the reacquisition price and the net carrying amount of the old debt. This amount is amortized as interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

N. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for food service operations.

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

O. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally 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 are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

P. Internal Activity

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

Q. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivables/payables”. Receivables and payables resulting from negative cash balances are classified as “due to/due from other funds”. These amounts are eliminated in the governmental type activities columns of the statement of net position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

R. Budgetary Process

All funds are legally required to be budgeted and appropriated. The public school preschool fund (a nonmajor governmental fund) is administered by a fiscal agent and is not budgeted by the District. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the District Treasurer. 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 certificate that was in effect at the time the final appropriations were passed by the Board of Education.

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

S. Estimates

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

T. Pensions/Other Postemployment Benefits (OPEB)

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

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2020, the District had neither type of occurrence.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2020, the District has implemented GASB Statement No. 84, "*Fiduciary Activities*" and GASB Statement No. 90, "*Majority Equity Interests - an amendment to GASB Statements 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 District will no longer be reporting agency funds. The District reviewed its agency funds and all funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the District's financial statements.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve 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 District.

B. Restatement of Net Position and Fund Balances

The implementation of GASB 84 had the following effect on fund balance as reported at June 30, 2019:

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Fund Balance as previously reported	$ 9,523,356	$ 1,878,640	$ 781,306	$ 12,183,302
GASB Statement No. 84	17,569	-	134,847	152,416
Restated Fund Balance, at June 30, 2019	$ 9,540,925	$ 1,878,640	$ 916,153	$ 12,335,718

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The implementation of the GASB 84 pronouncement had the following effect on the net position as reported at June 30, 2019:

	Governmental Activities
Net position as previously reported	$ 10,490,241
GASB Statement No. 84	152,416
Restated net position at June 30, 2019	$ 10,642,657

Related to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. At June 30, 2019, agency funds reported assets and liabilities of $144,282. Also, related to the implementation of GASB Statement No. 84, the District will no longer be reporting private purpose trust funds. At June 30, 2019, private purpose trust funds reported a net position of $11,579.

C. Deficit Fund Balances

Fund balances at June 30, 2020 included the following individual fund deficits:

Nonmajor funds	Deficit
Food service	$ 13,573
IDEA, Part B	5,799
ESSER	6,263

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, 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 obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At June 30, 2020, the carrying amount of all District deposits was $6,973,538 and the bank balance of all District deposits was $7,155,298. Of the bank balance, $5,844,853 was covered by the FDIC and $1,310,445 was covered by the Ohio Pooled Collateral System.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) 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 fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State. For fiscal year 2020, the District's financial institutions were approved for a collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

B. Investments

As of June 30, 2020, the District had the following investment and maturity:

Measurement/ Investment type	Measurement Amount	Investment Maturities 6 months or less
Amortized Cost:		
STAR Ohio	$ 6,468,766	$ 6,468,766

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits investment portfolio maturities to five years or less. State statute requires that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAm money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not address investment credit risk beyond the requirements of State statutes.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code. Requirements in State statute prohibit payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board or qualified trustee.

Concentration of Credit Risk: The District places no dollar limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2020:

Measurement/ Investment type	Measurement Amount	% of Total
Amoritized Cost:		
STAR Ohio	$ 6,468,766	100.00

C. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2020:

Cash and investments per note	
Carrying amount of deposits	$ 6,973,538
Investments	6,468,766
Total	$ 13,442,304
Cash and investments per statement of net position	
Governmental activities	$ 13,442,304
Total	$ 13,442,304

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended June 30, 2020, consisted of the following, as reported on the fund statements:

	Amount
Transfers from nonmajor governmental fund to:	
General fund	$ 3,835

The transfer from the Student Managed Activity fund (a nonmajor governmental fund) to the general fund was a residual equity transfer.

All transfers made during the fiscal year 2020 were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

B. Interfund loans receivable/payable consisted of the following at June 30, 2020, as reported on the fund statements:

Receivable fund	Payable fund	Amount
General fund	Nonmajor governmental fund	$ 69,570

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide Statement of Net Position.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2020 represent the collection of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed values as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2020 represent the collection of calendar year 2019 taxes. Public utility real and personal property taxes received in calendar year 2020 became a lien on December 31, 2018, were levied after April 1, 2019, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Miami County and Champaign County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount available as an advance at June 30, 2020 was $670,355 in the general fund, $177,358 in the bond retirement fund, $20,389 in the permanent improvement fund (a nonmajor governmental fund) and $12,674 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2019 was $581,542 in the general fund, $172,626 in the bond retirement fund, $18,302 in the permanent improvement fund (a nonmajor governmental fund) and $11,377 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2020 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

NOTE 6 - PROPERTY TAXES - (Continued)

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

	2019 Second Half Collections		2020 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 228,856,000	95.82	$ 242,806,470	95.86
Public utility personal	9,977,000	4.18	10,496,330	4.14
Total	$ 238,833,000	100.00	$ 253,302,800	100.00
Tax rate per $1,000 of assessed valuation:				
General	$38.00		$37.50	
Bond	5.95		5.30	
Permanent improvement	0.80		1.30	
Facilities maintenance	0.50		0.50	

NOTE 7 - INCOME TAX

In November 2011, the District voters approved the replacement of the 1.00% tax on all income of individuals. Income taxes are now levied at 1.75% on earned income of individuals residing in the District. Employers of the residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2020 consisted of property taxes, income taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	$ 6,077,147
Income taxes	1,351,147
Accounts	55,827
Accrued interest	6,568
Intergovernmental	71,562
Total	$ 7,562,251

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within subsequent years.

NOTE 9 - CAPITAL ASSETS

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

	Balance June 30, 2019	Additions	Disposals	Balance June 30, 2020
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 303,182	$ -	$ -	$ 303,182
Construction in progress	84,945	47,672	(84,945)	47,672
Total capital assets, not being depreciated	388,127	47,672	(84,945)	350,854
Capital assets, being depreciated:				
Land improvements	1,811,294	-	-	1,811,294
Buildings and improvements	29,337,331	84,945	-	29,422,276
Furniture, fixtures and equipment	2,282,724	57,957	(28,129)	2,312,552
Vehicles	1,872,788	181,577	(190,914)	1,863,451
Total capital assets, being depreciated	35,304,137	324,479	(219,043)	35,409,573
Less: accumulated depreciation:				
Land improvements	(998,131)	(73,959)	-	(1,072,090)
Buildings and improvements	(6,713,872)	(602,061)	-	(7,315,933)
Furniture, fixtures and equipment	(1,931,479)	(84,353)	28,057	(1,987,775)
Vehicles	(1,079,508)	(139,658)	190,914	(1,028,252)
Total accumulated depreciation	(10,722,990)	(900,031)	218,971	(11,404,050)
Governmental activities capital assets, net	$ 24,969,274	$ (527,880)	$ (85,017)	$ 24,356,377

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 245,319
Special	35,649
Vocational	16,554
Support services:	
Pupil	62,174
Instructional staff	36,004
Board of education	1,613
Administration	51,592
Fiscal	4,687
Business	3,862
Operations and maintenance	101,858
Pupil transportation	144,569
Central	37,947
Food service operations	49,462
Extracurricular	108,741
Total depreciation expense	$ 900,031

NOTE 10 - LONG-TERM OBLIGATIONS

During fiscal year 2020, the following changes occurred in governmental activities long-term obligations.

	Balance Outstanding 06/30/19	Additions	Reductions	Balance Outstanding 06/30/20	Amounts Due in One Year
Governmental activities:					
2016A School Improvement Refunding Bonds					
2.00-4.00% Serial Bonds $4,590,000	$ 4,560,000	$ -	$ (195,000)	$ 4,365,000	$ 205,000
4.00% Term Bonds $735,000	735,000	-	-	735,000	-
Premium on Debt Issue	533,359	-	(28,961)	504,398	-
2018 Refunding Bonds	7,610,000	-	(570,000)	7,040,000	585,000
Premium on Debt Issue	501,717	-	(48,165)	453,552	-
Net pension liability	13,121,609	315,614	-	13,437,223	-
Net OPEB liability	1,206,402	-	(61,066)	1,145,336	-
Compensated absences	1,275,056	218,156	(148,403)	1,344,809	201,061
Total long-term obligations, governmental activities	$ 29,543,143	$ 533,770	$ (1,051,595)	$ 29,025,318	$ 991,061

During fiscal year 2016, the District issued $5,325,000 in Series 2016A School Improvement Refunding Bonds to refund $5,355,000 of the 2009 School Improvement Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds outstanding at June 30, 2020 was $5,100,000.

The issue is comprised of current interest bonds, par value $5,325,000. The interest rates on the current interest bonds range from 2.00% - 4.00%.

The reacquisition price exceeded the net carrying amount of the old debt by $434,083. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which has a final maturity date of December 1, 2027. This advance refunding was undertaken to reduce the combined total debt service payments by $1,078,633 and resulted in an economic gain of $779,846.

During fiscal year 2018, the District issued $8,245,000 in general obligation bonds to refund $8,585,000 of the Series 2007 School Improvement Refunding Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds outstanding at June 30, 2020 was $7,040,000.

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The issue is comprised of current interest bonds par value $8,245,000. The interest rates on the current interest bonds range from 2.00% - 4.00%. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2029.

The reacquisition price exceeded the net carrying amount of the old debt by $1,581. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which has a final maturity date of December 1, 2029. This advance refunding was undertaken to reduce the combined total debt service payments by $837,948 and resulted in an economic gain of $708,281.

The detail on the net pension liability and net OPEB liability/asset can be found in Notes 12 and 13, respectively. The general fund typically is used to liquidate the net pension and net OPEB liabilities.

Compensated absences will be paid from the general fund and food service fund (a nonmajor governmental fund). The bonds will be paid from the bond retirement fund.

The following table provides a summary of the District's future obligation for the general obligation bonds:

Fiscal Year Ending June 30,	2016A School Improvement Refunding Bonds Serial and Term Bonds		
	Principal	Interest	Total
2021	$ 205,000	$ 183,965	$ 388,965
2022	210,000	177,740	387,740
2023	220,000	171,290	391,290
2024	225,000	164,615	389,615
2025	235,000	157,715	392,715
2026 - 2030	1,295,000	656,850	1,951,850
2031 - 2035	1,595,000	368,850	1,963,850
2036 - 2038	1,115,000	58,675	1,173,675
Total	$ 5,100,000	$ 1,939,700	$7,039,700

Fiscal Year Ending June 30,	2018 Refunding Bonds Current Interest Bonds		
	Principal	Interest	Total
2021	$ 585,000	$ 266,975	$ 851,975
2022	610,000	246,000	856,000
2023	635,000	221,100	856,100
2024	665,000	195,100	860,100
2025	695,000	167,900	862,900
2026 - 2030	3,850,000	389,800	4,239,800
Total	$ 7,040,000	$ 1,486,875	$ 8,526,875

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2020 are a voted debt margin of $12,660,384, including available funds of $2,003,132, and an unvoted debt margin of $253,303.

NOTE 11 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District, along with other Districts in Ohio, participates in the Ohio School Plan (OSP), an insurance purchasing pool. Each individual District enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The District pays this annual premium to the Hylant Administrative Services, LLC (See Note 19). The District contracts for property, fleet, inland marine coverage, crime insurance, education general liability, employee benefits liability, employer's liability and stop gap, errors and omissions liability, and employment practices with the OSP.

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

Workers' Compensation

For fiscal year 2020, the District participated in the Ohio School Comp Workers' Compensation Group Rating Program, an insurance purchasing pool (Note 19). The intent of the Program is designed to reward participants that are able to keep their claim costs below a predetermined amount. Districts committed to improving workplace safety and accident prevention in order to reduce the frequency and severity of accidents involving their employees, should investigate this program further as an additional savings tool. The firm of Comp Management, a Sedgwick Company, provides administrative, cost control, and actuarial services to the Program.

Medical Benefits

For fiscal year 2020, the District participated in the Southwestern Ohio Educational Purchasing Council Benefit Plan Trust (Trust), a public entity shared risk pool consisting of 93 Districts (Note 19). The District pays monthly premiums to the Trust for employee medical, dental, and vision insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. 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 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.

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

GASB 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.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in pension and postemployment benefits payable on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description - The 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.

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit: or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; 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 years of service; 2.2% for the first thirty 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.

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the 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, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0%.

The District's contractually required contribution to SERS was $219,295 for fiscal year 2020. Of this amount, $16,292 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers 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 website 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. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 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.

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment 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 plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. 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 to 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.

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 fiscal year 2020, plan members were required to contribute 14% of their annual covered salary. The 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 District's contractually required contribution to STRS was $841,760 for fiscal year 2020. Of this amount, $142,716 is reported as pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District 's proportion of the net pension liability was based on the District 's share of contributions to the pension plan relative to the projected contributions of all participating entities.

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.04268290%	0.04855921%	
Proportion of the net pension liability current measurement date	0.04430010%	0.04877668%	
Change in proportionate share	0.00161720%	0.00021747%	
Proportionate share of the net pension liability	$ 2,650,553	$ 10,786,670	$ 13,437,223
Pension expense	$ 412,046	$ 1,526,385	$ 1,938,431

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 67,213	$ 87,822	$ 155,035
Changes of assumptions	-	1,267,104	1,267,104
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	52,404	100,056	152,460
Contributions subsequent to the measurement date	219,295	841,760	1,061,055
Total deferred outflows of resources	$ 338,912	$ 2,296,742	$ 2,635,654

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 46,692	$ 46,692
Net difference between projected and actual earnings on pension plan investments	34,023	527,190	561,213
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	27,833	6,865	34,698
Total deferred inflows of resources	$ 61,856	$ 580,747	$ 642,603

$1,061,055 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	$ 82,197	$ 692,662	$ 774,859
2022	(41,467)	161,669	120,202
2023	(2,265)	(46,166)	(48,431)
2024	19,296	66,070	85,366
Total	$ 57,761	$ 874,235	$ 931,996

Actuarial Assumptions - SERS

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

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

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

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2019, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was 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.

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The long-term return expectation for the Pension Plan Investments has been determined 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 average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 3,714,372	$ 2,650,553	$ 1,758,407

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

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

	July 1, 2019
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

For the July 1, 2019, actuarial valuation, 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. Post-retirement disabled 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

STRS 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.

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the 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 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	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 15,763,516	$ 10,786,670	$ 6,573,514

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

The net OPEB liability/asset reported on the statement of net position represents a liability/asset to employees for OPEB. OPEB is 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 liability/asset represents the 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 liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

GASB 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/asset. Resulting adjustments to the net OPEB liability/asset 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.

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Plan Description - School Employees Retirement System (SERS)

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

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

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 the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was $19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% 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 District's surcharge obligation was $31,013.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was $31,013 for fiscal year 2020. Of this amount, $16,292 is reported as pension and postemployment benefits payable.

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. 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.

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

The net OPEB liability/asset was measured as of June 30, 2019, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District 's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.04348540%	0.04855921%	
Proportion of the net OPEB liability/asset current measurement date	0.04554400%	0.04877668%	
Change in proportionate share	0.00205860%	0.00021747%	
Proportionate share of the net OPEB liability	$ 1,145,336	$ -	$ 1,145,336
Proportionate share of the net OPEB asset	$ -	$ (807,859)	$ (807,859)
OPEB expense	$ 31,593	$ (242,844)	$ (211,251)

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 16,813	$ 73,238	$ 90,051
Net difference between projected and actual earnings on OPEB plan investments	2,750	-	2,750
Changes of assumptions	83,654	16,981	100,635
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	50,879	26,695	77,574
Contributions subsequent to the measurement date	31,013	-	31,013
Total deferred outflows of resources	$ 185,109	$ 116,914	$ 302,023

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 251,622	$ 41,100	$ 292,722
Net difference between projected and actual earnings on OPEB plan investments	-	50,736	50,736
Changes of assumptions	64,181	885,723	949,904
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	50,504	-	50,504
Total deferred inflows of resources	$ 366,307	$ 977,559	$ 1,343,866

$31,013 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	$ (70,199)	$ (188,347)	$ (258,546)
2022	(35,341)	(188,345)	(223,686)
2023	(34,534)	(168,009)	(202,543)
2024	(34,664)	(160,879)	(195,543)
2025	(27,224)	(157,600)	(184,824)
Thereafter	(10,249)	2,533	(7,716)
Total	$ (212,211)	$ (860,647)	$ (1,072,858)

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.13%
Prior measurement date	3.62%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.22%
Prior measurement date	3.70%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.375 to 4.75%
Pre-Medicare	7.25 to 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 male rates and 100% for female rates set back five years.

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

Discount Rate - The 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 prior to June 30, 2019 was 3.70%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13%, 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. A municipal bond rate of 3.62% was used as of June 30, 2018. 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 District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 1,390,220	$ 1,145,336	$ 950,624

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 917,646	$ 1,145,336	$ 1,447,425

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, compared with July 1, 2018, are presented below:

	July 1, 2019		July 1, 2018	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discounted rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.87%	4.00%	6.00%	4.00%
Medicare	4.93%	4.00%	5.00%	4.00%
Prescription Drug				
Pre-Medicare	7.73%	4.00%	8.00%	4.00%
Medicare	9.62%	4.00%	-5.23%	4.00%

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

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50% 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.

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2018.

Benefit Term Changes Since the Prior Measurement Date - There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% 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' 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.

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

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 689,347	$ 807,859	$ 907,500

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 916,075	$ 807,859	$ 675,320

NOTE 14 - OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation, personal leave, sick leave, and compensatory time components are derived from negotiated agreements and State laws. Classified employees and administrators earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation or compensatory time. Personal leave is accrued at three days per fiscal year for all employees under contract for a full school year. Unused personal leave accumulates to a maximum of five days. Unused personal leave accumulation over five days may be converted to sick leave, cashed out, or donated to a sick leave bank. Accumulated, unused personal time is not paid upon termination of employment. Employees may be granted compensatory time for hours worked outside their regular business day. Unused compensatory time accumulates to a maximum of 240 hours and any accumulated, unused balance is paid out upon termination of employment.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 324 days for all certified employees and 300 days for all classified employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, not to exceed 314 days for certified employees and 290 days for classified employees.

Insurance Benefits

The District provides life insurance and accidental death and dismemberment insurance to all employees through the Sun Life Assurance Company of Canada. Medical/surgical benefits are provided by Anthem through the Southwestern Ohio Educational Purchasing Council Benefit Plan Trust (Trust) (Note 19). The District also provides dental insurance through Delta Dental and vision insurance through Vision Insurance Plan to all eligible employees.

NOTE 14 - OTHER EMPLOYEE BENEFITS - (Continued)

Deferred Compensation Plan

District employees may elect to participate in the Ohio Public Employees Deferred Compensation Plan. The plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

125 Plan

The District provides its full–time employees, except those employed on an as needed basis, an option to participate in an I.R.C. Section 125 plan. Money allocated to this plan must be used for expenses covered by that benefit during that benefit year. Any monies not used by the end of the plan year are forfeited to the District. Employees may elect to have plan benefit dollars applied to a health care reimbursement plan, a dependent care assistance plan, or an insurance premium payment plan. Participation is renewed annually with each benefit year beginning October 1 and ending September 30. This plan has been included as part of the general fund and is administered by Horace Mann.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

(a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

(d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,

(e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	General fund
Budget basis	$ 753,555
Net adjustment for revenue accruals	87,778
Net adjustment for expenditure accruals	40,492
Net adjustment for other sources/uses	17,517
Funds budgeted elsewhere	10,331
Adjustment for encumbrances	403,626
GAAP basis	$ 1,313,299

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, public school support fund, section 125 employee benefits, and unclaimed monies fund.

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies inthe form of grants. The disbursement of funds received under these programs generally requirescompliance with terms and conditions specified in the grant agreements and are subject to audit by thegrantor agencies. Any disallowed claims resulting from such audits could become a liability of theDistrict. However, in the opinion of management, any such disallowed claims will not have a materialeffect on the financial position of the District.

B. Litigation

The District is not party to legal proceedings which, in the opinion of District management, will have amaterial effect, if any, on the financial condition of the District.

C. Foundation Funding

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. ODE has finalized the impact of enrollment adjustments to the June 30, 2020 foundation funding for the District, which resulted in no material adjustments.

NOTE 17 - COVID-19

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 District. The District's investment portfolio and the investments of the pension and other employee benefit plans are subject to increased market volatility, which could result in a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 18 - SET-ASIDES

The District is required by State law 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. Disclosure of this information is required by State statute.

	Capital Improvements
Set-aside balance June 30, 2019	$ -
Current year set-aside requirement	237,847
Current year offsets	(260,241)
Total	$ (22,394)
Balance carried forward to fiscal year 2021	$ -
Set-aside balance June 30, 2020	$ -

The District had current year offsets that reduced the capital improvements set-aside amount to zero.

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS, INSURANCE PURCHASING POOLS AND PUBLIC ENTITY RISK SHARING POOL

Jointly Governed Organizations

Metropolitan Educational Technology Association (META) Solutions:

The District is a participant in META Solutions which is a computer consortium that resulted from the mergers between Tri-Rivers Educational Computer Association (TRECA), Metropolitan Educational Council (MEC), Metropolitan Dayton Educational Cooperative Association (MDECA), Southeastern Ohio Valley Voluntary Education Cooperative (SEOVEC), and South Central Ohio Computer Association (SCOCA). META Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eleven of the member districts. During fiscal year 2020, the District paid META Solutions approximately $76,425 for services. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS, INSURANCE PURCHASING POOLS AND PUBLIC ENTITY RISK SHARING POOL - (Continued)

Southwestern Ohio Educational Purchasing Council:

The District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of nearly 100 school districts and educational service centers in 12 counties. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During fiscal year 2020 the District did not make any payments 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.

Insurance Purchasing Pools

Ohio School Comp Workers' Compensation Group Rating Program:

The District participates in the Ohio School Comp Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool provided by Ohio School Board Association (OSBA). The GRP's business and affairs are conducted by a Board of Trustees consisting of a President and regional representatives. OSBA's executive director and regional managers serve on the board in an ex officio capacity. Each fiscal year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program. CompManagement, a Sedgwick Company, administers the GRP.

Ohio School Plan:

The District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP was created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the sole purpose of enabling members of the OSP to provide for a formalized, jointly administered self-insurance program to maintain adequate self-insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a 13 member Board of Directors consisting of school district superintendents and treasurers. The OSP has an agreement with Hylant Administrative Services, LLC to provide underwriting, claims management, risk management, accounting, system support services, sales and marketing to the OSP. Hylant Administrative Services, LLC also coordinates reinsurance brokerage services for the OSP.

Public Entity Shared Risk Pool

Southwestern Ohio Educational Purchasing Council Benefit Plan Trust:

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

NOTE 20 - OTHER COMMITMENTS

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

Fund	Year-End Encumbrances
General fund	$ 351,104
Other governmental	159,628
Total	$ 510,732

REQUIRED SUPPLEMENTARY INFORMATION

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SEVEN FISCAL YEARS

	2020	2019	2018	2017
District's proportion of the net pension liability	0.04430010%	0.04268290%	0.04469660%	0.04511140%
District's proportionate share of the net pension liability	$ 2,650,553	$ 2,444,529	$ 2,670,523	$ 3,301,738
District's covered payroll	$ 1,521,585	$ 1,392,511	$ 1,485,171	$ 1,404,507
District's proportionate share of the net pension liability as a percentage of its covered payroll	174.20%	175.55%	179.81%	235.08%
Plan fiduciary net position as a percentage of the total pension liability	70.85%	71.36%	69.50%	62.98%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2016		2015		2014	
	0.04375300%		0.04453500%		0.04453500%
$	2,496,589	$	2,253,891	$	2,648,354
$	1,317,193	$	1,294,098	$	1,304,783
	189.54%		174.17%		202.97%
	69.16%		71.70%		65.52%

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST SEVEN FISCAL YEARS

	2020	2019	2018	2017
District's proportion of the net pension liability	0.04877668%	0.04855921%	0.04785502%	0.04770686%
District's proportionate share of the net pension liability	$ 10,786,670	$ 10,677,080	$ 11,368,063	$ 15,968,924
District's covered payroll	$ 5,710,471	$ 5,691,964	$ 5,185,214	$ 5,060,821
District's proportionate share of the net pension liability as a percentage of its covered payroll	188.89%	187.58%	219.24%	315.54%
Plan fiduciary net position as a percentage of the total pension liability	77.40%	77.31%	75.30%	66.80%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2016	2015	2014
0.04784818%	0.04857817%	0.04857817%
$ 13,223,837	$ 11,815,892	$ 14,075,013
$ 5,053,914	$ 4,963,354	$ 4,912,854
261.66%	238.06%	286.49%
72.10%	74.70%	69.30%

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	2020	2019	2018	2017
Contractually required contribution	$ 219,295	$ 205,414	$ 187,989	$ 207,924
Contributions in relation to the contractually required contribution	(219,295)	(205,414)	(187,989)	(207,924)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 1,566,393	$ 1,521,585	$ 1,392,511	$ 1,485,171
Contributions as a percentage of covered payroll	14.00%	13.50%	13.50%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2016		2015		2014		2013		2012		2011	
$	196,631	$	173,606	$	179,362	$	180,582	$	174,885	$	167,429
	(196,631)		(173,606)		(179,362)		(180,582)		(174,885)		(167,429)
$	-	$	-	$	-	$	-	$	-	$	-
$	1,404,507	$	1,317,193	$	1,294,098	$	1,304,783	$	1,300,260	$	1,331,973
	14.00%		13.18%		13.86%		13.84%		13.45%		12.57%

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	2020	2019	2018	2017
Contractually required contribution	$ 841,760	$ 799,466	$ 796,875	$ 725,930
Contributions in relation to the contractually required contribution	(841,760)	(799,466)	(796,875)	(725,930)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 6,012,571	$ 5,710,471	$ 5,691,964	$ 5,185,214
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2016		2015		2014		2013		2012		2011	
$	708,515	$	707,548	$	645,236	$	638,671	$	642,141	$	685,169
	(708,515)		(707,548)		(645,236)		(638,671)		(642,141)		(685,169)
$	-	$	-	$	-	$	-	$	-	$	-
$	5,060,821	$	5,053,914	$	4,963,354	$	4,912,854	$	4,939,546	$	5,270,531
	14.00%		14.00%		13.00%		13.00%		13.00%		13.00%

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FOUR FISCAL YEARS

	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.04554400%	0.04348540%	0.04541810%	0.04576734%
District's proportionate share of the net OPEB liability	$ 1,145,336	$ 1,206,402	$ 1,218,902	$ 1,304,538
District's covered payroll	$ 1,521,585	$ 1,392,511	$ 1,485,171	$ 1,404,507
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	75.27%	86.64%	82.07%	92.88%
Plan fiduciary net position as a percentage of the total OPEB liability	15.57%	13.57%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FOUR FISCAL YEARS

	2020	**2019**	**2018**	**2017**
District's proportion of the net OPEB liability/asset	0.048776680%	0.04855921%	0.04785502%	0.04770686%
District's proportionate share of the net OPEB liability/(asset)	$ (807,859)	$ (780,297)	$ 1,867,126	$ 2,551,375
District's covered payroll	$ 5,710,471	$ 5,691,964	$ 5,185,214	$ 5,060,821
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	-14.15%	-13.71%	36.01%	50.41%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.70%	176.00%	47.10%	37.30%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	2020	2019	2018	2017
Contractually required contribution	$ 31,013	$ 36,087	$ 31,273	$ 25,038
Contributions in relation to the contractually required contribution	(31,013)	(36,087)	(31,273)	(25,038)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 1,566,393	$ 1,521,585	$ 1,392,511	$ 1,485,171
Contributions as a percentage of covered payroll	1.98%	2.37%	2.25%	1.69%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2016	2015	2014	2013	2012	2011
$ 23,381	$ 33,793	$ 24,377	$ 21,515	$ 34,405	$ 46,301
(23,381)	(33,793)	(24,377)	(21,515)	(34,405)	(46,301)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,404,507	$ 1,317,193	$ 1,294,098	$ 1,304,783	$ 1,300,260	$ 1,331,973
1.66%	2.57%	1.88%	1.65%	2.65%	3.48%

MIAMI EAST LOCAL SCHOOL DISTRICT
MIAMI COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	2020	2019	2018	2017
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 6,012,571	$ 5,710,471	$ 5,691,964	$ 5,185,214
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2016		2015		2014		2013		2012		2011	
$	-	$	-	$	51,415	$	49,219	$	49,295	$	52,705
	-		-		(51,415)		(49,219)		(49,295)		(52,705)
$	-	$	-	$	-	$	-	$	-	$	-
$	5,060,821	$	5,053,914	$	4,963,354	$	4,912,854	$	4,939,546	$	5,270,531
	0.00%		0.00%		1.00%		1.00%		1.00%		1.00%

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2020.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.

(Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: 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, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increase the subsidy percentage from 1.944% to 1.984% effectice 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.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

This page intentionally left blank.

OHIO AUDITOR OF STATE
KEITH FABER

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

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

Miami East Local School District
Miami County
3825 North State Route 589
Casstown, Ohio 45312

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Miami East Local School District, Miami County, (the District) as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 8, 2022, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

June 8, 2022

OHIO AUDITOR OF STATE
KEITH FABER

MIAMI EAST LOCAL 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 6/28/2022

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