



OHIO AUDITOR OF STATE
KEITH FABER



**MINFORD LOCAL SCHOOL DISTRICT
SCIOTO COUNTY
JUNE 30, 2021**

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MINFORD LOCAL SCHOOL DISTRICT
SCIOTO COUNTY
JUNE 30, 2021

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Minford Local School District
Scioto County
PO Box 204
Minford, Ohio 45653

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 23 to the financial statements, during 2021, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Also, as discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School 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.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2022, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
May 2, 2022

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Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

As management of the Minford Local School District (the School District), we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the additional information that we have provided in the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2021 are as follows:

- Net position of governmental activities decreased \$515,915.
- General revenues accounted for \$13,583,888 or 68 percent of total revenues. Program specific revenues in the form of charges for services and sales, grants, contributions and interest accounted for \$6,280,349 or 32 percent of total revenues of \$19,864,237.
- The School District had \$20,380,152 in expenses related to governmental activities; only \$6,280,349 of these expenses were offset by program specific charges for services and sales, grants, contributions and interest.
- All governmental funds had total revenues and other financing sources of \$20,263,587 and expenditures and other financing uses of \$19,506,661.

Using This Annual Financial Report

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 Minford Local School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

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

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

One of the most important questions asked about the School District is "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, liabilities, and deferred inflows/outflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the general fund.

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

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.

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for the fiscal years ending June 30, 2021 and 2020:

(Table 1)
 Net Position
 Governmental Activities

	2021	2020*
Assets		
Current and Other Assets	\$7,627,598	\$6,844,663
Capital Assets, Net	<u>20,731,209</u>	<u>21,183,948</u>
Total Assets	28,358,807	28,028,611
Deferred Outflows	3,590,880	3,744,382
Liabilities		
Current and Other Liabilities	1,441,654	1,420,688
Long-Term Liabilities	<u>20,737,489</u>	<u>19,515,236</u>
Total Liabilities	22,179,143	20,935,924
Deferred Inflows	4,508,331	5,058,941

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

(Table 1)
 Net Position
 Governmental Activities
 (continued)

	2021	2020*
Net Position		
Net Investment in Capital Assets	\$20,450,971	\$20,618,206
Restricted	1,097,221	1,024,130
Unrestricted (Deficit)	(16,285,979)	(15,864,208)
Total Net Position	\$5,262,213	\$5,778,128

*As restated. See note 23 of the notes to the basic financial statements.

Total net position of the School District as a whole decreased in the amount of \$515,915. Current and other assets increased between years due to an increase in cash and cash equivalents. Capital assets, net decreased between years, due to depreciation expense and disposals in excess of additions. Deferred outflows decreased between years, due to a decrease in amounts related to the change in the School District's proportionate share of the state-wide net pension and OPEB liabilities (assets). Current and other liabilities increased slightly due to an increase in accrued wages and benefits. Long-term liabilities increased between years, due to an increase in net pension liability estimates that were offset by principal retirements and a decrease in net OPEB liability. Deferred inflows decreased between years, due to decreases in amounts related to the change in the School District's proportionate share of the state-wide net pension and OPEB liabilities (assets).

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

(Table 2)
 Change in Net Position
 Governmental Activities

	2021	2020
Revenues		
Program Revenues		
Charges for Services and Sales	\$1,811,888	\$2,070,231
Operating Grants, Contributions, and Interest	4,468,461	3,130,823
Total Program Revenues	6,280,349	5,201,054
General Revenues		
Property Taxes	2,281,352	2,245,031
Grants and Entitlements not Restricted to Specific Programs	10,998,319	10,949,087
Investment Earnings	2,560	16,496
Miscellaneous	301,657	308,655
Total General Revenues	13,583,888	13,519,269
Total Revenues	19,864,237	18,720,323

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

(Table 2)
Change in Net Position
Governmental Activities

	2021	2020
Program Expenses		
Instruction		
Regular	\$10,835,455	\$10,365,568
Special	2,812,848	2,858,594
Vocational	122,796	103,767
Support Services		
Pupils	641,599	632,753
Instructional Staff	599,296	599,904
Board of Education	74,987	60,951
Administration	1,328,584	1,412,486
Fiscal	280,088	269,296
Business	0	1,485
Operation and Maintenance of Plant	1,586,299	1,709,835
Pupil Transportation	1,053,127	1,070,069
Central	25,481	14,339
Operation of Non-Instructional Services	566,179	560,861
Extracurricular Activities	439,024	541,128
Interest and Fiscal Charges	14,389	22,375
Total Expenses	<u>20,380,152</u>	<u>20,223,411</u>
Change in Net Position	(515,915)	(1,503,088)
Net Position at Beginning of Year - Restated	<u>5,778,128</u>	N/A
Net Position at Ending of Year	<u>\$5,262,213</u>	<u>\$5,778,128</u>

Unrestricted grants and entitlements comprised 55 percent of revenue for governmental activities during 2021 and represent the largest source of revenue. Charges for services and sales, operating grants and contributions, and property taxes comprised 9 percent, 22 percent, and 11 percent of revenue, respectively. The School District had an increase of \$1,143,914 in revenues between years, with operating grants and contributions increasing \$1,337,638 due to increases in COVID relief funding. As indicated by governmental program expenses, instruction is emphasized. Regular and special instruction comprised 53 percent and 14 percent, respectively, of governmental program expenses. Administration, operation and maintenance of plant, and pupil transportation support services also represent significant allocations of governmental expenses, comprising 7 percent, 8 percent, and 5 percent, respectively. Slight increases in expenses were experienced across most functions due to an increase in personnel costs.

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The statement of activities shows the cost of program services and the charges for services and sales, grants, contributions, and interest offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those service supported primarily by tax revenue and unrestricted state entitlements.

(Table 3)
 Governmental Activities

	Total Cost	Net Cost	Total Cost	Net Cost
	of Services 2021	of Services 2021	of Services 2020	of Services 2020
<i>Program Expense</i>				
<i>Instruction:</i>				
Regular	\$10,835,455	\$8,727,328	\$10,365,568	\$8,562,699
Special	2,812,848	826,851	2,858,594	984,535
Vocational	122,796	87,852	103,767	68,808
<i>Support Services:</i>				
Pupils	641,599	214,048	632,753	471,625
Instructional Staff	599,296	530,529	599,904	533,943
Board of Education	74,987	66,963	60,951	54,444
Administration	1,328,584	1,041,958	1,412,486	1,173,836
Fiscal	280,088	252,213	269,296	241,846
Business	0	0	1,485	1,485
Operation and Maintenance of Plant	1,586,299	1,099,482	1,709,835	1,354,919
Pupil Transportation	1,053,127	893,038	1,070,069	970,478
Central	25,481	23,357	14,339	13,421
Operation of Non-Instructional Services	566,179	7,339	560,861	208,674
Extracurricular Activities	439,024	314,456	541,128	359,269
Interest and Fiscal Charges	14,389	14,389	22,375	22,375
Total Expenses	\$20,380,152	\$14,099,803	\$20,223,411	\$15,022,357

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The School District has one major fund: the general fund. The general fund had total revenues of \$16,557,757 and expenditures of \$15,842,804. Revenues increased slightly between years due to an increase in state foundation funding. Expenditures decreased due mainly to decreases in expenditures for pupil support services, extracurricular activities and capital outlay expenditures. The general fund balance increased \$714,953.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund. During the course of fiscal year 2021, the School District amended its general fund budget.

For the general fund, final budget basis revenues and other financing sources were \$16,503,405, above original estimates of \$16,370,406. Final budget basis revenue estimates were increased for intergovernmental and property tax revenue. Final budget basis expenditures and other financing uses were \$16,012,454, below original estimates of \$17,520,497. Decreases for final budget basis expenditures were due primarily for pupil support services and capital outlay.

Minford Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The School District's ending unobligated cash balance was \$1,653,034.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the School District had \$20,731,209 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. For additional information on capital assets, see note 8 of to the basic financial statements. Table 4 shows fiscal year 2021 balances compared to 2020:

(Table 4)
 Capital Assets at June 30
 (Net of Depreciation)
 Governmental Activities

	2021	2020
Land and Land Improvements	\$856,552	\$873,072
Buildings and Improvements	18,421,069	19,028,071
Furniture and Equipment	751,287	630,706
Vehicles	702,301	652,099
Totals	\$20,731,209	\$21,183,948

Net capital assets decreased \$452,739 from the prior fiscal year. This was due to depreciation expense and disposals exceeding capital assets additions.

Debt

At June 30, 2021, the School District had \$194,500 of school energy conservation improvement bonds. For additional information on debt, refer to note 12 to the basic financial statements.

Current Economic Factors

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 School 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.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ashley Roberts, Treasurer at Minford Local School District, PO Box 204, Minford, Ohio 45653.

Minford Local School District
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$3,118,374
Cash and Cash Equivalents in Segregated Accounts	452
Intergovernmental Receivable	625,831
Property Taxes Receivable	2,868,824
Nondepreciable Capital Assets	674,603
Depreciable Capital Assets, Net	20,056,606
Net OPEB Asset	1,014,117
<i>Total Assets</i>	28,358,807
Deferred Outflows of Resources	
Pension	3,110,943
OPEB	479,937
<i>Total Deferred Outflows of Resources</i>	3,590,880
Liabilities	
Accounts Payable	103,972
Accrued Wages and Benefits	1,064,561
Intergovernmental Payable	234,289
Accrued Interest Payable	541
Matured Compensated Absences Payable	38,291
Long-Term Liabilities:	
Due Within One Year	185,787
Due in More Than One Year	1,500,118
Net Pension Liability	17,754,003
Net OPEB Liability	1,297,581
<i>Total Liabilities</i>	22,179,143
Deferred Inflows of Resources	
Property Taxes Not Levied to Finance Current Year Operations	2,147,945
Pension	394,326
OPEB	1,966,060
<i>Total Deferred Inflows of Resources</i>	4,508,331
Net Position	
Net Investment in Capital Assets	20,450,971
Restricted for Capital Outlay	425,032
Restricted for Other Purposes	672,189
Unrestricted (Deficit)	(16,285,979)
<i>Total Net Position</i>	\$5,262,213

See the accompanying notes to the basic financial statements.

Minford Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Program Revenues			Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	
Governmental Activities				
Instruction				
Regular	\$10,835,455	\$919,344	\$1,188,783	(\$8,727,328)
Special	2,812,848	248,647	1,737,350	(826,851)
Vocational	122,796	11,384	23,560	(87,852)
Support Services				
Pupils	641,599	39,464	388,087	(214,048)
Instructional Staff	599,296	57,521	11,246	(530,529)
Board of Education	74,987	8,024	0	(66,963)
Administration	1,328,584	122,305	164,321	(1,041,958)
Fiscal	280,088	27,875	0	(252,213)
Operation and Maintenance of Plant	1,586,299	144,637	342,180	(1,099,482)
Pupil Transportation	1,053,127	95,162	64,927	(893,038)
Central	25,481	2,124	0	(23,357)
Operation of Non-Instructional Services	566,179	10,833	548,007	(7,339)
Extracurricular Activities	439,024	124,568	0	(314,456)
Interest and Fiscal Charges	14,389	0	0	(14,389)
<i>Total Governmental Activities</i>	<u>\$20,380,152</u>	<u>\$1,811,888</u>	<u>\$4,468,461</u>	<u>(14,099,803)</u>
General Revenues				
Property Taxes Levied for				
General Purposes				2,233,052
Classroom Facilities Maintenance				11,317
Capital Projects				36,983
Grants and Entitlements not Restricted to Specific Programs				10,998,319
Investment Earnings				2,560
Miscellaneous				301,657
<i>Total General Revenues</i>				<u>13,583,888</u>
<i>Change in Net Position</i>				(515,915)
<i>Net Position Beginning of Year - Restated</i>				<u>5,778,128</u>
<i>Net Position End of Year</i>				<u><u>\$5,262,213</u></u>

See the accompanying notes to the basic financial statements.

Minford Local School District
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,026,226	\$1,092,148	\$3,118,374
Cash and Cash Equivalents in Segregated Accounts	0	452	452
Interfund Receivable	267,689	0	267,689
Intergovernmental Receivable	6,247	619,584	625,831
Property Taxes Receivable	2,820,265	48,559	2,868,824
<i>Total Assets</i>	<u>\$5,120,427</u>	<u>\$1,760,743</u>	<u>\$6,881,170</u>
Liabilities			
Accounts Payable	\$77,455	\$26,517	\$103,972
Accrued Wages and Benefits	901,544	163,017	1,064,561
Interfund Payable	0	267,689	267,689
Intergovernmental Payable	204,218	30,071	234,289
Matured Compensated Absences Payable	38,291	0	38,291
<i>Total Liabilities</i>	1,221,508	487,294	1,708,802
Deferred Inflows of Resources			
Property Taxes not Levied to Finance Current Year Operations	2,116,620	31,325	2,147,945
Unavailable Revenue:			
Property Taxes	590,420	14,405	604,825
Grants	6,247	389,460	395,707
Total Unavailable Revenue	<u>596,667</u>	<u>403,865</u>	<u>1,000,532</u>
<i>Total Deferred Inflows of Resources</i>	2,713,287	435,190	3,148,477
Fund Balances			
Restricted	0	860,649	860,649
Committed	268,099	200,000	468,099
Assigned	212,255	0	212,255
Unassigned (Deficit)	705,278	(222,390)	482,888
<i>Total Fund Balances</i>	<u>1,185,632</u>	<u>838,259</u>	<u>2,023,891</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$5,120,427</u>	<u>\$1,760,743</u>	<u>\$6,881,170</u>

See the accompanying notes to the basic financial statements.

Minford Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2021*

Total Governmental Fund Balances		\$2,023,891
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		20,731,209
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Some of the School District's revenues will be collected after fiscal year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

Property taxes	604,825	
Intergovernmental	<u>395,707</u>	1,000,532

The net pension/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-pension	3,110,943	
Deferred outflows-OPEB	479,937	
Deferred inflows-pension	(394,326)	
Deferred inflows-OPEB	(1,966,060)	
Net pension liability	(17,754,003)	
Net OPEB asset	1,014,117	
Net OPEB liability	<u>(1,297,581)</u>	(16,806,973)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, as interest expenditure is reported when due.		(541)
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Compensated absences	(1,405,667)	
Capital lease obligations	(85,738)	
General obligation bonds	<u>(194,500)</u>	(1,685,905)

Net Position of Governmental Activities		<u><u>\$5,262,213</u></u>
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See the accompanying notes to the basic financial statements.

Minford Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$2,253,835	\$48,300	\$2,302,135
Intergovernmental	12,288,661	3,177,139	15,465,800
Interest	4,731	0	4,731
Change in Fair Value of Investments	(2,171)	0	(2,171)
Tuition and Fees	1,698,509	0	1,698,509
Extracurricular Activities	14,465	88,081	102,546
Customer Sales and Services	0	10,833	10,833
Miscellaneous	299,727	1,930	301,657
<i>Total Revenues</i>	16,557,757	3,326,283	19,884,040
Expenditures			
Current			
Instruction			
Regular	8,455,547	1,121,289	9,576,836
Special	2,292,376	422,372	2,714,748
Vocational	111,957	0	111,957
Support Services			
Pupils	359,126	234,259	593,385
Instructional Staff	530,307	12,975	543,282
Board of Education	73,976	0	73,976
Administration	1,068,095	161,678	1,229,773
Fiscal	256,993	428	257,421
Operation and Maintenance of Plant	1,333,472	171,770	1,505,242
Pupil Transportation	877,338	10,288	887,626
Central	19,580	0	19,580
Operation of Non-Instructional Services	0	534,929	534,929
Extracurricular Activities	311,240	89,896	401,136
Capital Outlay	11,539	366,715	378,254
Debt Service			
Principal Retirement	127,861	155,000	282,861
Interest and Fiscal Charges	13,397	2,711	16,108
<i>Total Expenditures</i>	15,842,804	3,284,310	19,127,114
<i>Excess of Revenues Over (Under) Expenditures</i>	714,953	41,973	756,926
Other Financing Sources (Uses)			
Transfers In	0	379,547	379,547
Transfers Out	0	(379,547)	(379,547)
<i>Total Other Financing Sources (Uses)</i>	0	0	0
<i>Net Change in Fund Balances</i>	714,953	41,973	756,926
<i>Fund Balances Beginning of Year - Restated</i>	470,679	796,286	1,266,965
<i>Fund Balances End of Year</i>	\$1,185,632	\$838,259	\$2,023,891

See the accompanying notes to the basic financial statements.

Minford Local School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021*

Net Change in Fund Balances - Total Governmental Funds \$756,926

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

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

Capital asset additions	378,254	
Depreciation expense	<u>(808,229)</u>	(429,975)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount by which the loss on the sale of capital assets exceeded the proceeds from the sale of those assets. (22,764)

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

Delinquent property taxes	(20,783)	
Intergovernmental	<u>980</u>	(19,803)

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

Pension	1,123,381	
OPEB	<u>38,775</u>	1,162,156

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	(2,203,148)	
OPEB	<u>61,307</u>	(2,141,841)

Governmental funds report premiums as expenditures, whereas these amounts are deferred and amortized in the statement of net position.

Amortization of premium	2,643	
Amortization of loss on refunding	<u>(1,478)</u>	1,165

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current fiscal year, these amounts

Bond principal retirement	199,600	
Capital lease principal retirement	<u>83,261</u>	282,861

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

Decrease in accrued interest	554	
Increase in compensated absences	<u>(105,194)</u>	(104,640)

Change in Net Position of Governmental Activities (\$515,915)

See the accompanying notes to the basic financial statements.

Minford Local School District
*Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2021*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Total Revenues and Other Sources	\$16,370,406	\$16,503,405	\$16,503,405	\$0
Total Expenditures and Other Uses	17,520,497	16,012,454	16,012,454	0
<i>Net Change in Fund Balance</i>	(1,150,091)	490,951	490,951	0
<i>Fund Balances Beginning of Year</i>	947,346	947,346	947,346	0
<i>Prior Year Encumbrances Appropriated</i>	214,737	214,737	214,737	0
<i>Fund Balances End of Year</i>	\$11,992	\$1,653,034	\$1,653,034	\$0

See the accompanying notes to the basic financial statements.

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Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 1 – Description of the School District and Reporting Entity

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

The School District was established in 1924 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 98 square miles. It is located in Scioto County, and includes the Village of Minford and the Townships of Madison and Harrison. It is staffed by 50 non-certificated employees, 104 certificated full-time teaching personnel, and 8 administrative employees who provide services to 1,273 students and other community members. The School District currently operates 2 instructional buildings.

Reporting Entity

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

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

The following organizations which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these organizations nor are they fiscally dependent on the School District:

- Booster Clubs
- Parent-Teacher Organizations

The School District is associated with five organizations, three of which are defined as jointly governed organizations, one as an insurance purchasing pool, and one as a public entity shared risk pool. These organizations are META Solutions, the Scioto County Career Technical Center, the Coalition of Rural and Appalachian Schools, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Optimal Health Initiatives Consortium. These organizations are presented in notes 13, 14, and 15 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Basis of Presentation

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

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

Fund Financial Statements

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

Fund Accounting

The School District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

Governmental Funds

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

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

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

Fiduciary Funds

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for fiduciary funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the presentation of expenses versus expenditures, the recording of deferred inflows/outflows of resources, and the recording of net pension/OPEB liabilities (assets).

Revenues – Exchange and Non-Exchange Transactions

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See note 5). Revenue from grants, entitlements and

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The School District reports a deferred outflow of resources for pensions and other post-employment benefits, which are explained in notes 9 and 10. The School District also reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the School District these amounts consist of taxes and intergovernmental receivables which are not collected in the available period and pensions and other post-employment benefits. The difference between deferred inflows on the statement of net position and the balance sheet is partially due to delinquent property taxes and grants not received during the available period. These were reported as revenues on the statement of activities and not recorded as deferred inflows on the statement of net position. Deferred inflows of resources related to pensions and OPEB are reported on the statement of net position and are explained in notes 9 and 10.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the fund and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement are based on estimates made when the first permanent appropriation was adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2021.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 year.

Cash and Cash Equivalents

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

During fiscal year 2021, the School District invested in negotiable certificates of deposit. Investments are reported at fair value which is based on quoted market prices.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited during fiscal year 2021 amounted to \$4,731 to the general fund. The School District also experienced a \$2,171 decrease in fair value on investments, which was also recognized in the general fund.

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

Capital Assets and Depreciation

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets 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) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The School District does not capitalize interest for capital asset purchases.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10-25 years
Buildings and Improvements	20-25 years
Furniture and Equipment	10-15 years
Vehicles	10-15 years
Textbooks	5-10 years

Compensated Absences

Vacation and personal leave benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation are attributable to services already rendered and it is probable that the School District will compensate its employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. The liability includes the employees who are currently eligible to receive severance benefits and those the School District has identified as probable of receiving payment in the future.

The accrual amount is based upon accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the School District's severance policy.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid.

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities, that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, net pension/OPEB liability, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and capital leases are recognized as a liability on the government-wide financial statements when due.

Fund Balance

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

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

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

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

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

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

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

Estimates

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

Net Position

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

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

Of the School District's restricted net position, none is restricted by enabling legislation.

Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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 to the funds that initially paid for them are not

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

presented on the financial statements. Interfund transfers between governmental activities are eliminated in the statement of activities.

Interfund Balances

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

Pensions/OPEB

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

Note 3 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The statement of revenues, expenditures and changes in fund balance-budget and actual (non-GAAP 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 GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
3. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment, or assignment of fund balance (GAAP basis); and
4. Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$714,953
Revenue Accruals	26,227
Expenditure Accruals	(131,716)
Encumbrances	(167,758)
(Excess) Deficit of Funds Combined with General Fund for Reporting Purposes	49,245
Budget Basis	\$490,951

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 4 – Deposits and Investments

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

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

Inactive deposits are public deposits 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 monies may be deposited or invested in the following securities:

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

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

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

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2021, the School District's bank balance of \$2,759,800 was either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described below.

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

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

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

Investments

As of June 30, 2021, the School District had the following investments, which are in an internal investment pool:

	Fair Value	Credit Rating	Maturity	Percent of Total Investments
Negotiable CDs	\$102,366	N/A	< 1 year	20%
Negotiable CDs	400,312	N/A	3-5 years	80%
Total	\$502,678			100%

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

Interest Rate Risk

The School District has no investment policy that addresses interest rate risk beyond the requirements of state statute. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk

The School District has no investment policy that addresses credit risk.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the School District's securities are either insured and registered in the name of the School District or at least registered in the name of the School District. The School District has no investment policy dealing with investment

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custodial credit risk beyond the requirements in state statute that prohibit payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. However, the School District does diversify for protection of assets in a responsible manner.

Note 5 – Property Taxes

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

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

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

The assessed values upon which 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	\$113,087,020	92.00%	\$113,039,690	91.21%
Public Utility	9,836,910	8.00%	10,888,890	8.79%
Total Assessed Value	<u>\$122,923,930</u>	<u>100.00%</u>	<u>\$123,928,580</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed value	\$25.71		\$25.21	

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes that became 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 available as an advance at June 30 was levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance is recognized as revenue.

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The amount available as an advance at June 30, 2021 was \$113,225 in the general fund and \$2,829 in the permanent improvement nonmajor capital projects fund.

Note 6 – Receivables

Receivables at June 30, 2021 consisted of property taxes, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

<i>Major Fund</i>	
General	\$6,247
 <i>Nonmajor Funds</i>	
Public School Preschool	4,667
ESSER	273,330
Title VI-B	71,507
Title I School Improvement	27,992
Title I	157,633
Title II-D Technology	37,700
Federal Grants	46,755
Total Nonmajor Funds	619,584
 Total	 \$625,831

Note 7 – Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the School District contracted with Argonaut Insurance Company for property and fleet insurance, liability insurance, and inland marine coverage.

Coverages provided by Argonaut Insurance Company are as follows:

Building and contents-replacement cost (\$2,500 deductible)	\$43,753,612
Inland marine coverage (\$500 deductible)	250,000
Automobile liability (\$500 deductible for collision, \$250 for all others)	1,000,000
Uninsured motorists	1,000,000
General liability:	
Per occurrence	1,000,000
Total per year	3,000,000
Excess liability umbrella, per occurrence and aggregate	1,000,000

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

For fiscal year 2021, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (note 14). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its

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individual rate. Total savings are then calculated and each participant’s individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the “Equity Pooling Fund”. This “equity pooling” arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP’s selection criteria. The firm of CompManagement provides administrative, cost control and actuarial services to the GRP.

The School District is a member of the Optimal Health Initiatives Consortium, a public entity shared risk pool (note 15), consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. Premiums are paid to the fiscal agent who in turn pays the claims on the School District’s behalf.

Note 8 – Capital Assets

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

	Balance at 6/30/20	Additions	Deductions	Balance at 6/30/21
<i>Governmental Activities</i>				
Capital Assets Not Being Depreciated:				
Land	\$674,603	\$0	\$0	\$674,603
Capital Assets Being Depreciated:				
Land Improvements	1,315,075	0	(6,234)	1,308,841
Buildings and Improvements	30,893,405	0	(44,427)	30,848,978
Furniture and Equipment	2,743,748	212,541	(245,037)	2,711,252
Vehicles	1,711,281	165,713	0	1,876,994
Textbooks	976,247	0	(265,394)	710,853
Total Capital Assets Being Depreciated	37,639,756	378,254	(561,092)	37,456,918
Less Accumulated Depreciation				
Land Improvements	(1,116,606)	(16,520)	6,234	(1,126,892)
Buildings and Improvements	(11,865,334)	(607,002)	44,427	(12,427,909)
Furniture, Fixtures, and Equipment	(2,113,042)	(69,196)	222,273	(1,959,965)
Vehicles	(1,059,182)	(115,511)	0	(1,174,693)
Textbooks	(976,247)	0	265,394	(710,853)
Total Accumulated Depreciation	(17,130,411)	(808,229)	538,328	(17,400,312)
Total Capital Assets Being Depreciated, Net	20,509,345	(429,975)	(22,764)	20,056,606
Governmental Activities Capital Assets, Net	\$21,183,948	(\$429,975)	(\$22,764)	\$20,731,209

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Depreciation was charged to the following governmental functions:

Instruction:	
Regular	\$653,280
Vocational	525
Support Services:	
Instructional Staff	3,434
Administration	278
Operation and Maintenance of Plant	15,896
Pupil Transportation	118,123
Central	5,901
Operation of Non-Instructional Services	5,042
Extracurricular Activities	5,750
Total Depreciation Expense	<u>\$808,229</u>

Note 9 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability

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

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

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

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

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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/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

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

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. In 2020, the Board of Trustees approved a 0.5 percent cost of living adjustment for eligible retirees and beneficiaries in 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contributions to SERS were \$233,891 for fiscal year 2021. Of this amount, \$2,513 was reported as an intergovernmental payable.

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State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other certified faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS 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 is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change.

Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members 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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2021 employer and employee contribution rate was 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The School District’s contractually required contributions to STRS were \$889,490 for fiscal year 2021. Of this amount, \$180,144 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability Current Measurement Date	0.05733250%	0.05770233%	
Proportion of the Net Pension Liability Prior Measurement Date	0.05815740%	0.05725740%	
Change in Proportionate Share	-0.00082490%	0.00044493%	
Proportionate Share of the Net Pension Liability	\$3,792,092	\$13,961,911	\$17,754,003
Pension Expense	\$335,880	\$1,867,268	\$2,203,148

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

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	SERS	STRS	Total
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$7,366	\$31,326	\$38,692
Changes of assumptions	0	749,483	749,483
Net difference between projected and actual earnings on pension plan investments	240,721	678,971	919,692
Changes in proportion and differences between School District contributions and proportionate share of contributions	0	279,695	279,695
School District contributions subsequent to the measurement date	233,891	889,490	1,123,381
Total Deferred Outflows of Resources	\$481,978	\$2,628,965	\$3,110,943
 <i>Deferred Inflows of Resources</i>			
Differences between expected and actual experience	\$0	\$89,277	\$89,277
Net difference between projected and actual earnings on pension plan investments	0	0	0
Changes in proportion and differences between School District contributions and proportionate share of contributions	83,866	221,183	305,049
Total Deferred Inflows of Resources	\$83,866	\$310,460	\$394,326

\$1,123,381 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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	(\$63,800)	\$409,691	\$345,891
2023	52,317	244,279	296,596
2024	100,336	456,936	557,272
2025	75,368	318,109	393,477
Total	\$164,221	\$1,429,015	\$1,593,236

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

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historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

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

Wage Inflation	3 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.5 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

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

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

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
School District's proportionate share of the net pension liability	\$5,194,703	\$3,792,092	\$2,615,275

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

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

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$19,879,330	\$13,961,911	\$8,947,391

Note 10 – Postemployment Benefits

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

School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS'

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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 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$38,775. The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS for health care was \$38,775 for fiscal year 2021. Of this amount, \$38,775 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

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

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

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

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	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset) Current Measurement Date	0.05970480%	0.05770233%	
Proportion of the Net OPEB Liability (Asset) Prior Measurement Date	0.05993470%	0.05725740%	
Change in Proportionate Share	<u>-0.00022990%</u>	<u>0.00044493%</u>	
Proportionate Share of the Net OPEB Liability	\$1,297,581	\$0	\$1,297,581
Proportionate Share of the Net OPEB Asset	\$0	(\$1,014,117)	(\$1,014,117)
OPEB Expense	\$4,036	(\$65,343)	(\$61,307)

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

	SERS	STRS	Total
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$17,042	\$64,980	\$82,022
Changes of assumptions	221,193	16,740	237,933
Net difference between projected and actual earnings on OPEB plan investments	14,620	35,540	50,160
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	61,798	9,249	71,047
School District contributions subsequent to the measurement date	<u>38,775</u>	<u>0</u>	<u>38,775</u>
Total Deferred Outflows of Resources	<u>\$353,428</u>	<u>\$126,509</u>	<u>\$479,937</u>
<i>Deferred Inflows of Resources</i>			
Differences between expected and actual experience	\$659,909	\$201,996	\$861,905
Changes of assumptions	32,684	963,240	995,924
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>80,223</u>	<u>28,008</u>	<u>108,231</u>
Total Deferred Inflows of Resources	<u>\$772,816</u>	<u>\$1,193,244</u>	<u>\$1,966,060</u>

\$38,775 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or increase in the net OPEB 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:

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Fiscal Year Ending June 30:	SERS	STRS	Total
2022	(\$88,499)	(\$266,916)	(\$355,415)
2023	(335,778)	(242,860)	(578,638)
2024	37,137	(234,424)	(197,287)
2025	(45,667)	(229,206)	(274,873)
2026	(25,356)	(44,426)	(69,782)
Thereafter	0	(48,903)	(48,903)
Total	(\$458,163)	(\$1,066,735)	(\$1,524,898)

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, 2020, are presented below:

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

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

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

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan discussed in note 9.

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, and 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.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
School District's proportionate share of the net OPEB liability	\$1,588,207	\$1,297,581	\$1,066,534

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	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$1,021,746	\$1,297,581	\$1,666,442

Actuarial Assumptions – STRS

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

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5 percent initial, 4 percent ultimate
Medicare	-6.69 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	6.5 percent initial, 4 percent ultimate
Medicare	11.87 initial, 4 percent ultimate

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

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

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.

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan discussed in note 9.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer

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contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2020.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	(\$882,348)	(\$1,014,117)	(\$1,125,919)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$1,118,979)	(\$1,014,117)	(\$886,380)

Note 11 – Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 280 days for all certified personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 60 days. Classified staff and administration sick leave may be accumulated up to a maximum of 240 days. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 60 days.

Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through the Metropolitan Educational Council.

Deferred Compensation

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This 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.

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Note 12 – Long-Term Obligations

The changes in the School District's long-term obligations during fiscal year 2021 were as follows:

	Amount Outstanding 6/30/20	Additions	Deductions	Amount Outstanding 6/30/21	Amounts Due Within One Year
2010 School Energy Conservation Improvement Bonds	\$239,100	\$0	(\$44,600)	\$194,500	\$46,100
2010 School Facilities Construction and Improvement Refunding Bonds:					
Current Interest Bonds 2.0%-3.5%	155,000	0	(155,000)	0	0
Premium	2,643	0	(2,643)	0	0
Total Long-Term Bonds	396,743	0	(202,243)	194,500	46,100
Capital Lease	168,999	0	(83,261)	85,738	85,738
Net Pension Liability	16,141,789	1,612,214	0	17,754,003	0
Net OPEB Liability	1,507,232	0	(209,651)	1,297,581	0
Compensated Absences	1,300,473	581,222	(476,028)	1,405,667	53,949
Total General Long-Term Obligations	\$19,515,236	\$2,193,436	(\$971,183)	\$20,737,489	\$185,787

School Energy Conservation Improvement Bonds – On July 1, 2010, Minford Local School District issued bonds in the amount of \$610,000 for the purpose of energy conservation measures. The bonds were issued with a 3.5 percent interest rate for a 15-year period with a final maturity during fiscal year 2025. The bonds are being retired from the bond retirement debt service fund.

Advance Refunding Bonds – On February 4, 2010, Minford Local School District issued School Improvement Refunding Bonds in the amount of \$940,000 for the purpose of advance refunding \$940,000 in school facilities construction and improvement bonds as noted above. The current interest bonds of \$890,000 were issued with a variable interest rate of 2 percent to 3.5 percent for a period of 11 years with a final maturity of 2021. The bonds were retired from the bond retirement debt service fund, and the final payment was made during the fiscal year.

The Capital Appreciation Bonds of \$50,000 were issued with a 3.5 percent interest rate and mature in fiscal year 2017 at the fully accreted amount of \$140,000. The bonds were retired from the bond retirement debt service fund with the final payment made in fiscal year 2017.

The School District placed \$972,610 in a refunding escrow agent account to advance refund bonds as noted above. The refunding escrow agent then paid off these advance refunded bonds on June 1, 2010. The net premium of \$58,230 has been recorded as an addition to the 2010 Bonds and is being amortized over the life of the bonds. The net loss on the refunding of the bonds in the amount of \$32,610 is being amortized over the life of the refunded bonds. The unamortized portion of the net loss is recorded as a deferred outflow of resources on the statement of net position. The refunding resulted in the School District restructuring its debt service payments with a positive cash flow difference of \$66,955 over the life of the bonds.

Minford Local School District has been notified by the Ohio School Facilities Commission that they would not be responsible for repaying the \$33,485,311 classroom facilities loan to the State because the School District's adjusted valuation per pupil was less than the state-wide median adjusted valuation per pupil. In lieu of the repayment, the School District must set aside the funds that would have been used for repayment for facilities maintenance. As part of this process, the School District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires. If the School District's adjusted valuation per pupil increases above the statewide median adjusted valuation during the twenty-three year period, the School District may become responsible for repayment of a portion of the State's contribution.

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Compensated absences and net pension and OPEB liabilities will be paid from the fund from which the employees' salaries are paid with the general fund being the most significant fund. The School District pays obligations related to employee compensation from the fund benefitting from their service.

The School District's overall legal debt margin was \$10,959,072 with an unvoted debt margin of \$123,929 at June 30, 2021.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2021 are as follows:

Fiscal Year Ending June 30	2010 School Energy Conservation Improvement Bonds	
	Principal	Interest
2022	\$46,100	\$6,808
2023	47,800	5,194
2024	49,400	3,521
2025	51,200	1,792
Total	\$194,500	\$17,315

Capital Lease Obligation

In fiscal year 2018, the School District entered into a capitalized lease for buses. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. However, these expenditures are reported as current expenditures on the budgetary statement.

Capital assets acquired by lease were initially capitalized in the statement of net position for governmental activities in the amount of \$419,145 which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability in the amount of \$413,045 was recorded on the statement of net position for governmental activities. Principal payments in fiscal year 2021 totaled \$83,261 and were paid from the general fund.

Principal and interest requirements to retire the capital leases at June 30, 2021 are as follows:

Year Ending June 30	Capital Leases
2022	\$88,289
Total Debt Payments	88,289
Less: Interest	(2,551)
Total Principal	\$85,738

Note 13 – Jointly Governed Organizations

Metropolitan Educational Technology Association (META) Solutions – META Solutions is an educational solutions partner providing services across Ohio. META Solutions provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client's needs.

The governing board of META Solutions consists of a president, vice president and six board members who represent the members of META Solutions. The board works with META Solutions' Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Council

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including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to its representation on the Board. The School District paid META Solutions \$51,049 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

Scioto County Career Technical Center – The Scioto County Career Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of five representatives from the City and County Boards within Scioto County, each of which possesses its own budgeting and taxing authority. To obtain financial information write to the Scioto County Career Technical Center, Brett Butler, who serves as Treasurer, at 951 Vern Riffe Drive, Lucasville, Ohio 45648.

Coalition of Rural and Appalachian Schools – The Coalition of Rural and Appalachian Schools is a jointly governed organization of over one hundred school districts in southeastern Ohio. The Coalition is operated by a board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Council provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Council.

Note 14 – Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Plan – The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Note 15 – Public Entity Shared Risk Pool

Optimal Health Initiatives Consortium – The School District is a member of the Optimal Health Initiatives Consortium (the Consortium), a public entity shared risk pool, consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. The overall objective of the Consortium is to enable its members to purchase employee benefits and related products and services using the Consortium's economics of scale to create cost-savings. The Consortium's business and affairs are managed by an Executive Board of Trustees, consisting of the chairperson of each division's board of trustees and the chairperson of the Butler Health Plan. The participants pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. To obtain financial information, write to the fiscal agent, Charles LeBoeuf, MCM CPAs & Advisors, 201 E 5th St #2100, Cincinnati, OH 45202.

Note 16 – Set-Aside Calculations

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

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

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	Capital Acquisitions
Set-Aside Balance as of June 30, 2020	\$0
Current Fiscal Year Set-Aside Requirement	237,061
Current Fiscal Year Offsets	(75,920)
Qualifying Disbursements	(161,141)
Totals	\$0
Set-Aside Balance Carried Forward to Future Fiscal Years	\$0
Set-Aside Balance as of June 30, 2021	\$0

The School District had offsets during the year that reduced the set-aside amount to zero in the Capital Acquisition Reserve. The carryover amount in the Capital Acquisition set-aside is limited to the balance of the offsets attributed to bond or tax levy proceeds. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$3,130,380 at June 30, 2021.

Note 17 – Accountability

Fund Balance Deficits

At June 30, 2021, the Food Service, Classroom Facilities Maintenance, Public Preschool, School Emergency Relief, Title VI-B, Title I, Title II-D, and Learn and Serve funds had fund balance deficits of \$34,945, \$5,726, \$19,093, \$43,205, \$19,659, \$53,495, \$6,988 and \$39,279, respectively, which was created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover the deficit balance; however, this is done when cash is needed rather than when accruals occur.

Note 18 – Interfund Activity

Interfund Balances

Interfund balances at June 30, 2021 consists of the following individual fund receivables and payables, which are expected to be repaid during fiscal year 2022:

	Receivables	Payables
<i>Major Fund:</i>		
General Fund	\$267,689	\$0
<i>Nonmajor Funds:</i>		
Public School Preschool	0	229
School Emergency Relief	0	230,124
Title I	0	3,720
Miscellaneous Federal Grants	0	33,616
Total	\$267,689	\$267,689

The amounts due to the general fund are the result of the School District moving unrestricted monies to support grant funds whose grants operate on a reimbursement basis. The general fund will be reimbursed when funds become available in the nonmajor special revenue funds.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Interfund Transfers

Transfers made during the fiscal year ended June 30, 2021 were as follows:

	Transfers To	Transfers From
<i>Nonmajor Funds:</i>		
Debt Service	\$0	\$39,797
Classroom Facilities Maintenance	0	339,750
Permanent Improvement	379,547	0
Total	\$379,547	\$379,547

The School District closed its classroom facilities maintenance and debt service funds after making the final payment on its 2010 School Facilities Construction and Improvement Refunding Bonds during fiscal year 2021 and transferred the remaining balances to the permanent improvement fund to be used for future capital improvements.

Note 19 - Encumbrances

At June 30, 2021, the School District had encumbrance commitments in governmental funds as follows:

<i>Major Fund:</i>	
General	\$169,755
 <i>Nonmajor Funds:</i>	
Permanent Improvement	10,565
Student Activities	1,972
Athletics	21,880
Public School Preschool	13
Student Wellness and Success	9,304
School Emergency Relief	3,771
IDEA Part B	7
Title I	1,401
Total Nonmajor Funds	48,913
Total Encumbrances	\$218,668

Note 20 – Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2021, if applicable, cannot be determined at this time.

Litigation

The School District has no pending litigation.

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2021 are finalized and two ODE adjustments for fiscal year 2021 have been assessed. A receivable in the amount of \$6,247 has been recorded by the School District as a result of these adjustments.

Note 21 – Fund Balances

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

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<i>Restricted for</i>			
Athletics	\$0	\$39,453	\$39,453
Capital Projects	0	410,627	410,627
Student Wellness and Success	0	372,822	372,822
Other Purposes	0	37,747	37,747
Total Restricted	0	860,649	860,649
 <i>Committed for</i>			
Severance Benefits	268,099	0	268,099
Capital Projects	0	200,000	200,000
Total Committed	268,099	200,000	468,099
 <i>Assigned to</i>			
Student and Staff Support	110,574	0	110,574
Services and Supplies	101,681	0	101,681
Total Assigned	212,255	0	212,255
 <i>Unassigned (Deficit)</i>	 705,278	 (222,390)	 482,888
Total Fund Balances	\$1,185,632	\$838,259	\$2,023,891

Note 22 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the School 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.

During fiscal year 2021, the School District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding in the amount of \$927,462. Of the amounts received, \$254,400 in cash support was received from various

Minford Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

townships with the School District’s boundaries and Chromebooks valued at \$42,655 were received from the Scioto County Commissioners. The cash support received from the townships was used to purchase equipment for use in social distancing and for virtual learning. The donated equipment was also used for virtual learning. None of the amounts received was subgranted to other governments or organizations, returned to the granting agency, or spent on-behalf of other governments. Additionally, the School District did not receive a significant amount of donated personal protective equipment as an on-behalf of grant from another government.

Note 23 – New Accounting Principles and Restatement of Balances

For fiscal year 2021, the School District implemented GASB Statement No. 84, “Fiduciary Activities” and related guidance from (GASB) Implementation Guide No. 2019-2, “Fiduciary Activities.” GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District will no longer be reporting agency funds. The School District reviewed its agency funds and determined that certain funds should be reclassified as governmental funds. These fund reclassifications resulted in the restatement of the School District’s financial statements.

Restatement of Fund Balances and Net Position

The implementation of GASB Statement No. 84 had the following effect on fund balance as of June 30, 2020:

	Nonmajor Governmental Funds
Fund Balance, As Reported, June 30, 2020	\$760,472
<i>Adjustments:</i>	
GASB 84	35,814
Fund Balance, As Restated, July 1, 2020	\$796,286

The implementation of GASB Statement No. 84 had the following effects on net position as of June 30, 2020:

	Governmental Activities
Net Position, As Reported, June 30, 2020	\$5,742,314
<i>Adjustments:</i>	
GASB 84	35,814
Net Position, As Restated, July 1, 2020	\$5,778,128

Note 24 – Subsequent Events

For fiscal year 2022, School District foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, 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 School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$372,649 in revenues and expenditures/expenses related to these programs. This new funding system calculates a unique base cost and a unique “per-pupil local capacity amount” for each School District. The School 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.

On July 23, 2021, the School District entered into an agreement with Trane U.S. Inc. for a Chiller and Controls Upgrade project in the amount of \$857,538.

Minford Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset)
Last Eight Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021
<i>State Teachers Retirement System</i>								
School District's proportion of the net pension liability	0.05474297%	0.05474297%	0.05502130%	0.05792059%	0.05663918%	0.05546026%	0.05725740%	0.05770233%
School District's proportionate share of the net pension liability	\$15,861,199	\$13,315,385	\$15,206,278	\$19,387,767	\$13,454,759	\$12,194,466	\$12,662,130	\$13,961,911
School District's covered-employee payroll	\$5,659,615	\$5,593,392	\$5,563,714	\$6,016,114	\$6,477,214	\$6,324,407	\$6,771,393	\$6,894,707
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	280.3%	238.1%	273.3%	322.3%	207.7%	192.8%	187.0%	202.5%
Plan fiduciary net position as a percentage of the total pension liability	69.3%	74.7%	72.1%	66.8%	75.3%	77.3%	77.4%	75.5%
<i>School Employees Retirement System</i>								
School District's proportion of the net pension liability	0.05926600%	0.05926600%	0.06176150%	0.06052740%	0.05661550%	0.06060070%	0.05815740%	0.05733250%
School District's proportionate share of the net pension liability	\$3,524,359	\$2,999,419	\$3,524,171	\$4,430,047	\$3,382,651	\$3,470,714	\$3,479,659	\$3,792,092
School District's covered-employee payroll	\$1,860,318	\$1,811,009	\$1,980,622	\$2,028,693	\$1,795,029	\$1,848,170	\$1,891,644	\$1,723,864
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	189.4%	165.6%	177.9%	218.4%	188.4%	187.8%	183.9%	220.0%
Plan fiduciary net position as a percentage of the total pension liability	65.5%	71.7%	69.2%	63.0%	69.5%	71.4%	70.9%	68.6%

The amounts presented are as of the School District's measurement date, which is the prior fiscal year end.
Information not available prior to 2014.
See accompanying notes to the required supplementary information.

Minford Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Last Five Fiscal Years

	2017	2018	2019	2020	2021
<i>State Teachers Retirement System</i>					
School District's proportion of the net OPEB liability (asset)	0.05792059%	0.05663918%	0.05546026%	0.05725740%	0.05770233%
School District's proportionate share of the net OPEB liability (asset)	\$3,029,078	\$2,209,852	(\$891,190)	(\$948,320)	(\$1,014,117)
School District's covered-employee payroll	\$6,016,114	\$6,477,214	\$6,324,407	\$6,771,393	\$6,894,707
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	50.3%	34.1%	-14.1%	-14.0%	-14.7%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	37.3%	47.1%	176.0%	174.7%	182.1%
<i>School Employees Retirement System</i>					
School District's proportion of the net OPEB liability	0.06052740%	0.05740740%	0.06135120%	0.05993470%	0.05970480%
School District's proportionate share of the net OPEB liability	\$1,636,323	\$1,540,664	\$1,702,048	\$1,507,232	\$1,297,581
School District's covered-employee payroll	\$2,028,693	\$1,795,029	\$1,848,170	\$1,891,644	\$1,723,864
School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	80.7%	85.8%	92.1%	79.7%	75.3%
Plan fiduciary net position as a percentage of the total OPEB liability	11.5%	12.5%	13.6%	15.6%	18.2%

The amounts presented are as of the School District's measurement date, which is the prior fiscal year end.
Information not available prior to 2017.
See accompanying notes to the required supplementary information.

Minford Local School District
Required Supplementary Information
Schedule of School District Contributions
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<i>State Teachers Retirement System</i>										
Contractually required contribution - pension	\$771,388	\$735,750	\$727,141	\$778,920	\$842,256	\$906,810	\$885,417	\$947,995	\$965,259	\$889,490
Contractually required contribution - OPEB	59,338	56,596	55,934	0	0	0	0	0	0	0
Contractually required contribution - total	830,726	792,346	783,075	778,920	842,256	906,810	885,417	947,995	965,259	889,490
Contributions in relation to the contractually required contribution	830,726	792,346	783,075	778,920	842,256	906,810	885,417	947,995	965,259	889,490
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School District's covered-employee payroll	\$5,933,754	\$5,659,615	\$5,593,392	\$5,563,714	\$6,016,114	\$6,477,214	\$6,324,407	\$6,771,393	\$6,894,707	\$6,353,500
Contributions as a percentage of covered-employee payroll - pension	13.00%	13.00%	13.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered-employee payroll - OPEB	1.00%	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered-employee payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
<i>School Employees Retirement System</i>										
Contractually required contribution - pension	\$240,511	\$257,468	\$238,691	\$261,046	\$284,017	\$251,304	\$249,503	\$255,372	\$241,341	\$233,891
Contractually required contribution - OPEB (1)	9,835	2,977	2,411	16,241	0	0	9,241	9,458	0	0
Contractually required contribution - total	250,346	260,445	241,102	277,287	284,017	251,304	258,744	264,830	241,341	233,891
Contributions in relation to the contractually required contribution	250,346	260,445	241,102	277,287	284,017	251,304	258,744	264,830	241,341	233,891
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School District's covered-employee payroll	\$1,788,186	\$1,860,318	\$1,722,157	\$1,980,622	\$2,028,693	\$1,795,029	\$1,848,170	\$1,891,644	\$1,723,864	\$1,670,650
Contributions as a percentage of covered-employee payroll - pension	13.45%	13.84%	13.86%	13.18%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%
Contributions as a percentage of covered-employee payroll - OPEB	0.55%	0.16%	0.14%	0.82%	0.00%	0.00%	0.50%	0.50%	0.00%	0.00%
Contributions as a percentage of covered-employee payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Excludes surcharge.

See accompanying notes to the required supplementary information.

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Minford Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

State Teachers Retirement System

Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2015 through 2017. For fiscal year 2018, the cost of living adjustment (COLA) was reduced to 0 percent effective July 1, 2017. There were no changes to benefit terms for fiscal years 2019 through 2021.

Changes in assumptions

There were no changes in assumptions for fiscal years 2015 through 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Inflation assumptions were lowered from 2.75 percent to 2.50 percent.
- Investment return assumptions were lowered from 7.75 percent to 7.45 percent.
- Total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25 percent due to lower inflation.
- Payroll growth assumptions were lowered from 3.50 percent to 3.00 percent.
- Updated the health and disability mortality assumption to the RP-2014 mortality tables with generational improvement scale MP-2016.
- Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

There were no changes in assumptions for fiscal years 2019 through 2021.

OPEB

Changes in benefit terms

There were no changes to benefit terms for fiscal year 2017.

For fiscal year 2018, STRS has the following changes in benefit terms since the previous measurement date:

- The HealthSpan HMO plans were eliminated.
- The subsidy multiplier for non-Medicare benefit recipients was reduced to 1.9 percent per year of service from 2.1 percent.
- Medicare Part B premium reimbursements were discontinued for survivors and beneficiaries who were age 65 by 2008 and either receiving a benefit or named as a beneficiary as of January 1, 2008.
- The remaining Medicare Part B premium reimbursements will be phased out over a three-year period.

For fiscal year 2019, the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The subsidy multiplier for non-Medicare benefit recipients increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020, though the STRS Board voted in June 2019 to extent the current Medicare Part B partial reimbursement for one year.

Minford Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

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

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

Changes in assumptions

There were no changes in assumptions for fiscal year 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB 74.
- The long-term rate of return was reduced to 7.45 percent.
- Valuation-year per capita health costs were updated.
- The percentage of future retirees electing each option was updated based on current data.
- The assumed future trend rates were modified.
- Decrement rates including mortality, disability, retirement, and withdrawal were modified.
- The assumed percentage of future disabled retirees assumed to elect health coverage was decreased from 84 percent to 65 percent, and the assumed percentage of terminated vested participants assumed to elect health coverage at retirement was decreased from 47 percent to 30 percent.
- The assumed salary scale was modified.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate increased from a 4.13 percent blended discount rate to 7.45 percent.
- The health care trend assumption rate changed from 6 to 11 percent initial, 4.5 percent ultimate to:
 - Medical Medicare – 6 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – 5 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – 8 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – -5.23 percent initial, 4 percent ultimate

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from 5 percent to 4.93 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – from 6 percent to 5.87 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from -5.23 percent to 9.62 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – from 8 percent to 7.73 percent initial, 4 percent ultimate

Minford Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from 4.93 percent to -6.69 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – from 5.87 percent to 5 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from 9.62 percent to 11.87 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – from 7.73 percent to 6.5 initial, 4 percent ultimate

School Employees Retirement System

Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2015 through 2017.

For fiscal year 2018, the following were the most significant changes in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5 percent with a floor of 0 percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendars 2018, 2019, and 2020.

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

There were no changes to benefit terms for fiscal years 2020 through 2021.

Changes in assumptions

There were no changes in assumptions for fiscal years 2015 through 2017.

For fiscal year 2018, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00-22.00 percent to 3.50-18.20 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- 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. The above rates represent the base rates used.
- 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 percent of male rates, and 110 percent of female rates.
- Mortality among disable member was updated to the following:
 - RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

There were no changes in assumptions for fiscal years 2019 through 2021.

Minford Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

OPEB

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2017 through 2021.

Changes in assumptions

For fiscal year 2017, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00-22.00 percent to 3.50-18.2 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- 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.
- 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 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to the following:
 - RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

For fiscal year 2018, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 2.98 percent to 3.63.
- The municipal bond index rate increased from 2.95 percent to 3.56 percent.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 3.63 percent to 3.70 percent.
- The municipal bond index rate increased from 3.56 percent to 3.62 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63 percent to 3.70 percent.
- The medical trend assumption rate changed as follows:
 - Medicare – 2018 – 5.50 to 5.00 percent, 2019 – 5.375 to 4.75 percent
 - Pre-Medicare – 2018 – 7.50 to 5.00 percent, 2019 – 7.25 to 4.75

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.62 percent to 3.13 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70 percent to 3.22 percent.
- The discount rate was changed from 3.70 percent to 3.22 percent.
- The medical trend assumption rate changed as follows:
 - Medicare – 2019 – 5.375 to 4.75 percent, 2020 – 5.25 to 4.75 percent

Minford Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

- Pre-Medicare – 2019 – 7.25 to 4.75, 2020 – 7 to 4.75 percent

For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.13 percent to 2.45 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22 percent to 2.63 percent.
- The discount rate was changed from 3.22 percent to 2.63 percent.

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**MINFORD LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Grant Year	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	2020-2021	\$ 0	\$ 35,898
Cash Assistance:				
School Breakfast Program	10.553	2020-2021	0	91,693
School Breakfast Program - COVID 19		2020-2021	0	11,075
National School Lunch Program	10.555	2020-2021	0	162,719
National School Lunch Program - COVID 19		2020-2021	0	19,566
Total Child Nutrition Cluster			0	320,951
Total U.S. Department of Agriculture			0	320,951
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	2020 2021	0 0	57,998 496,040
Total Title I Grants to Local Educational Agencies			0	554,038
Special Education Cluster:				
Special Education Grants to States	84.027	2020 2021	0 0	21,667 242,571
Total Special Education Grants to States			0	264,238
Special Education - 6B IDEA Restoration	84.027A	2020	0	4,673
Special Education Preschool Grants	84.173	2020	0	314
Total Special Education Cluster			0	269,225
Supporting Effective Instruction State Grants	84.367	2020 2021	0 0	9,334 60,107
Total Supporting Effective Instruction State Grants			0	69,441
Student Support and Academic Enrichment Program	84.424	2021	0	55,873
Rural Education	84.358	2021	0	29,504
COVID-19 Education Stabilization Fund	84.425D	2021 2022	0 0	397,020 410,594
Total COVID-19 Education Stabilization Fund			0	807,614
Total U.S. Department of Education			0	1,785,695
U.S. DEPARTMENT OF THE TREASURY				
<i>Passed Through Ohio Department of Education</i>				
COVID-19 Coronavirus Relief Fund	21.019	2021	0	95,570
<i>Passed Through Scioto County</i>				
COVID-19 Coronavirus Relief Fund	21.019	2021	0	42,655
<i>Passed Through Madison Township</i>				
COVID-19 Coronavirus Relief Fund	21.019	2021	0	150,328
<i>Passed Through Harrison Township</i>				
COVID-19 Coronavirus Relief Fund	21.019	2021	0	104,065
Total U.S. Department of the Treasury			0	392,618
Total Expenditures of Federal Awards			\$ 0	\$ 2,499,264

The accompanying notes are an integral part of this schedule.

**MINFORD LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE 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 the Minford Local School District (the School District's) under programs of the federal government for the 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 School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



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

Minford Local School District
Scioto County
PO Box 204
Minford, Ohio 45653

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Minford Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated May 2, 2022 wherein we noted the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio
May 2, 2022

OHIO AUDITOR OF STATE KEITH FABER



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

Minford Local School District
Scioto County
PO Box 204
Minford, Ohio 45653

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Minford Local School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Minford Local School District's major federal program for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

May 2, 2022

**MINFORD LOCAL SCHOOL DISTRICT
SCIOTO 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):	COVID-19 Education Stabilization Fund – Federal AL # 84.425D
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



MINFORD LOCAL SCHOOL DISTRICT

SCIOTO 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 5/24/2022

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This report is a matter of public record and is available online at
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