



OHIO AUDITOR OF STATE
KEITH FABER



**MEDINA CITY SCHOOL DISTRICT
MEDINA COUNTY**

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MEDINA COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Medina City School District
Medina County
739 Weymouth Road
Medina, Ohio 44256

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Efficient • Effective • Transparent

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 business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 25 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

June 14, 2021

Medina City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

The discussion and analysis of Medina City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2020 are as follows:

- Governmental revenues totaled \$95,790,282, an increase over the prior fiscal year. The increase is attributable to property tax as a result of the increase in the amount available as advance from the County over the prior fiscal year and due to the increase in assessed valuations from the recent reappraisal.
- Governmental expenses totaled \$104,801,532, which was an increase over the prior fiscal year primarily due to a change in the net pension liability. The change in the net pension liability was caused by changes in assumptions, as well as an increase in the STRS proportionate share. Instructional expenses made up 62.50 percent of this total while support services accounted for 29.79 percent. Other expenses rounded out the remaining 7.71 percent.
- The School District's capital assets decreased by \$1,508,551 from the prior fiscal year. This decrease was the result of annual depreciation and deletions exceeding the purchase of new assets, which consisted of upgrades related to energy conservation throughout the School District; land and building improvements to various buildings, playgrounds, and Northrop trail; and various equipment and vehicles.
- Outstanding certificates of participation and general obligation bonded debt decreased from \$63,201,223 in fiscal year 2019 to \$59,167,236 in fiscal year 2020 due to paying down debt and having no new issuances in fiscal year 2020.

Using this Annual Financial Report

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

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

Medina City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during fiscal year 2020?" The statement of net position and the statement of activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources except fiduciary funds using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current fiscal 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 that net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's performance, demographic and socioeconomic factors and the willingness of the community to support the School District.

In the statement of net position and the statement of activities, the School District is divided into two major activities:

- *Governmental Activities* – Most of the School District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and general administration.
- *Business-Type Activities* – These services are provided on a fee basis to recover all of the expenses of the goods or services provided. The School District's business-type activities are the transportation and System to Achieve Results for Students (STARS) enterprise funds.

Reporting the School District's Most Significant Funds

The analysis of the School District's major funds begins on page 10. 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 funds are the general fund and the bond retirement fund.

Governmental Funds Most of the School District's activities are reported as governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end that are 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

Medina City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Proprietary Funds The School District maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The School District uses enterprise funds to account for monies received from outside districts for repair work done to their vehicles and monies received for elementary school student supplies. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. These funds use the accrual basis of accounting.

The School District as a Whole

You may 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 fiscal years 2020 and 2019:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	Restated 2019	2020	2019	2020	Restated 2019
Assets						
Current and Other Assets	\$133,046,394	\$133,274,171	\$87,686	\$77,005	\$133,134,080	\$133,351,176
Net OPEB Asset	5,796,893	5,454,693	0	0	5,796,893	5,454,693
Capital Assets, Net	87,214,087	88,722,638	0	0	87,214,087	88,722,638
Total Assets	226,057,374	227,451,502	87,686	77,005	226,145,060	227,528,507
Deferred Outflows of Resources						
Deferred Charges on Refunding	3,561,622	3,834,321	0	0	3,561,622	3,834,321
Pension	21,053,187	27,397,403	0	0	21,053,187	27,397,403
OPEB	2,004,184	1,539,477	0	0	2,004,184	1,539,477
Total Deferred Outflows of Resources	26,618,993	32,771,201	0	0	26,618,993	32,771,201
Liabilities						
Current and Other Liabilities	10,486,713	9,438,823	936	489	10,487,649	9,439,312
Long-Term Liabilities:						
Due Within One Year	4,538,441	4,989,851	0	0	4,538,441	4,989,851
Due in More than One Year:						
Net Pension Liability	96,659,862	94,182,871	0	0	96,659,862	94,182,871
Net OPEB Liability	8,298,861	9,563,851	0	0	8,298,861	9,563,851
Other Amounts	70,319,456	70,356,814	0	0	70,319,456	70,356,814
Total Liabilities	190,303,333	188,532,210	936	489	190,304,269	188,532,699
Deferred Inflows of Resources						
Property Taxes	48,620,572	48,460,304	0	0	48,620,572	48,460,304
Pension	5,861,054	6,711,362	0	0	5,861,054	6,711,362
OPEB	9,922,235	9,531,370	0	0	9,922,235	9,531,370
Total Deferred Inflows of Resources	\$64,403,861	\$64,703,036	\$0	\$0	\$64,403,861	\$64,703,036

(continued)

Medina City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Table 1
Net Position (continued)

	Governmental Activities		Business-Type Activities		Total	
	2020	Restated	2020	2019	2020	Restated
		2019				2019
Net Position						
Net Investment in Capital Assets	\$31,507,810	\$28,466,443	\$0	\$0	\$31,507,810	\$28,466,443
Restricted:						
Capital Projects	6,123,860	5,634,236	0	0	6,123,860	5,634,236
Debt Service	3,726,911	3,699,063	0	0	3,726,911	3,699,063
Other Purposes	1,299,934	1,153,452	0	0	1,299,934	1,153,452
Unrestricted (Deficit)	(44,689,342)	(31,965,737)	86,750	76,516	(44,602,592)	(31,889,221)
Total Net Position	(\$2,030,827)	\$6,987,457	\$86,750	\$76,516	(\$1,944,077)	\$7,063,973

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2020. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange; however, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Total governmental assets decreased during fiscal year 2020. The decrease can be attributed to decreases in equity in pooled cash and cash equivalents and capital assets, offset by an increase in the property tax receivable. During the fiscal year, operational expenses increased in the general fund causing a decrease in equity in pooled cash and cash equivalents. The decrease in capital assets was the result of annual depreciation and deletions exceeding the purchase of new assets. The property tax receivable increase that offset the total decrease in assets during the fiscal year was due to an increase in assessed valuations from the reappraisal.

Total governmental liabilities increased during fiscal year 2020. This increase was due to long-term liabilities, which was due to an increase in the net pension liability. This increase is the result of changes in assumptions, as well as an increase in the STRS proportionate share.

Medina City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

In order to further understand what makes up the changes in net position for the current fiscal year, the following table gives further details regarding the results of activities for the current fiscal year.

Table 2 shows total revenues, expenses and changes in net position for fiscal years 2020 and 2019:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Charges for Services	\$3,607,871	\$4,052,416	\$28,955	\$35,732	\$3,636,826	\$4,088,148
Operating Grants, Contributions,						
Operating Grants and Contributions	6,449,118	6,116,024	0	0	6,449,118	6,116,024
Capital Grants and Contributions	4,882	9,384	0	0	4,882	9,384
Total Program Revenues	10,061,871	10,177,824	28,955	35,732	10,090,826	10,213,556
General Revenues:						
Property Taxes	57,254,355	46,917,898	0	0	57,254,355	46,917,898
Grants and Entitlements, not Restricted	22,459,598	23,144,974	0	0	22,459,598	23,144,974
Grants Restricted for Permanent Improvements	3,476,221	3,334,811	0	0	3,476,221	3,334,811
Unrestricted Contributions	0	28,708	0	0	0	28,708
Investment Earnings	1,961,886	2,236,122	0	0	1,961,886	2,236,122
Miscellaneous	576,351	776,013	10,535	21,322	586,886	797,335
Total General Revenues	85,728,411	76,438,526	10,535	21,322	85,738,946	76,459,848
Total Revenues	95,790,282	86,616,350	39,490	57,054	95,829,772	86,673,404
Program Expenses						
Instruction:						
Regular	47,254,420	36,258,731	0	0	47,254,420	36,258,731
Special	17,080,061	12,107,838	0	0	17,080,061	12,107,838
Special - External Portion	714,172	779,575	0	0	714,172	779,575
Vocational	406,263	383,610	0	0	406,263	383,610
Student Intervention Services	50,544	115,518	0	0	50,544	115,518
Support Services:						
Pupils	6,204,025	4,427,922	0	0	6,204,025	4,427,922
Instructional Staff	2,058,963	1,760,258	0	0	2,058,963	1,760,258
Board of Education	144,310	126,590	0	0	144,310	126,590
Administration	7,259,875	5,619,301	0	0	7,259,875	5,619,301
Fiscal	1,550,942	1,457,433	0	0	1,550,942	1,457,433
Business	716,897	579,773	0	0	716,897	579,773
Operation and Maintenance of Plant	8,702,662	9,475,907	0	0	8,702,662	9,475,907
Pupil Transportation	3,910,241	3,996,099	0	0	3,910,241	3,996,099
Central	673,024	585,411	0	0	673,024	585,411
Operation of Non-Instructional Services	570,548	2,943,009	0	0	570,548	2,943,009
Food Service Operations	2,525,725	423,346	0	0	2,525,725	423,346
Extracurricular Activities	2,427,896	1,910,433	0	0	2,427,896	1,910,433
Interest and Fiscal Charges	2,550,964	2,665,553	0	0	2,550,964	2,665,553
Business-Type Activities	0	0	36,290	39,287	36,290	39,287
Total Program Expenses	104,801,532	85,616,307	36,290	39,287	104,837,822	85,655,594
Increase in Net Position Before Transfers	(9,011,250)	1,000,043	3,200	17,767	(9,008,050)	1,017,810
Transfers	(7,034)	5,907	7,034	(5,907)	0	0
Change in Net Position	(9,018,284)	1,005,950	10,234	11,860	(9,008,050)	1,017,810
Net Position Beginning of Year - Restated	6,987,457	5,981,507	76,516	64,656	7,063,973	6,046,163
Net Position End of Year	(\$2,030,827)	\$6,987,457	\$86,750	\$76,516	(\$1,944,077)	\$7,063,973

The vast majority of revenue supporting all governmental activities is general revenue. General revenue increased over the prior fiscal year due to the increase in property tax revenue as a result of the increase in the amount available as advance from the County related to property taxes over the prior fiscal year and due to the increase in assessed valuations from the recent reappraisal. The remaining amount of revenue received was in the form of program revenues.

Medina City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Governmental Activities

The School District carefully tracks its revenues and expenses in order to avoid creating a deficit. Although the School District relies heavily upon local property taxes to support its operations, the School District relies upon and actively solicits and receives additional grant and entitlement funding to help offset some operating costs.

As one can see, the majority of the School District's expenses are used towards instructional purposes. Additional expenses include support services, such as pupils, instructional staff, general administration, maintenance, and pupil transportation; community services; food services; numerous extracurricular activities; and interest and fiscal charges.

The statement of activities shows the total net cost of program services. Table 3 shows the total cost of services for governmental activities and the net cost of those services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
 Governmental Activities

	Total Cost of Services 2020	Net Cost of Services 2020	Total Cost of Services 2019	Net Cost of Services 2019
Instruction:				
Regular	\$47,254,420	(\$46,895,006)	\$36,258,731	(\$35,905,814)
Special	17,080,061	(13,349,478)	12,107,838	(8,450,597)
Special - External Portion	714,172	0	779,575	0
Vocational	406,263	(370,893)	383,610	(348,321)
Student Intervention Services	50,544	(50,373)	115,518	(115,163)
Support Services:				
Pupils	6,204,025	(5,545,658)	4,427,922	(4,031,929)
Instructional Staff	2,058,963	(1,859,088)	1,760,258	(1,557,205)
Board of Education	144,310	(140,093)	126,590	(126,204)
Administration	7,259,875	(7,067,978)	5,619,301	(5,463,489)
Fiscal	1,550,942	(1,546,136)	1,457,433	(1,453,221)
Business	716,897	(711,196)	579,773	(577,730)
Operation and Maintenance of Plant	8,702,662	(8,604,566)	9,475,907	(9,374,781)
Pupil Transportation	3,910,241	(3,750,728)	3,996,099	(3,766,958)
Central	673,024	(650,022)	585,411	(562,499)
Operating of Non-Instructional Service	570,548	29,637	2,943,009	(2,300,274)
Food Service Operations	2,525,725	(401,062)	423,346	1,886,671
Extracurricular Activities	2,427,896	(1,276,057)	1,910,433	(625,416)
Interest and Fiscal Charges	2,550,964	(2,550,964)	2,665,553	(2,665,553)
Total Expenses	\$104,801,532	(\$94,739,661)	\$85,616,307	(\$75,438,483)

As one can see, the reliance upon local tax revenues for governmental activities is crucial.

Medina City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Business-Type Activities

Business-type activities include the transportation and STARS enterprise funds. Fiscal year 2011 and 2016 were the first years for these funds, respectively. The purpose of the transportation fund is to account for monies received from outside school districts for repair work done to their vehicles and the purpose of the STARS fund is to account for monies received for elementary school students who are paying for STARS testing supplies.

School District's Funds

Information regarding the School District's major funds can be found beginning on page 16. These funds are accounted for using the modified accrual basis of accounting. Property taxes increased over the prior fiscal year due to increased amount available as advance from the County and due to the increase in assessed valuations from the recent reappraisal.

The fiscal year-end fund balance for the general fund saw a decrease from the prior fiscal year's ending balance. Even though there was a decrease of the fund balance, the decrease was less than the prior year decrease. The fund decreased less during this fiscal year because of the increase in property tax revenues.

The bond retirement fund saw a slight increase in fund balance over the prior year. This was due to property tax collections keeping up with required debt payments during the fiscal year.

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 fund to be budgeted is the main operating fund of the School District, the general fund.

During the course of fiscal year 2020, the School District amended its general fund budget several times. The School District uses a site-based style of budgeting and has in place systems that are designed to tightly control expenditures but provide flexibility for site-based decision and management.

For the general fund, the final budget basis revenue estimates decreased from the original budget basis revenue estimates. Actual revenues were lower than original and final budgeted revenues due to lower than expected intergovernmental revenues. The final budgeted expenditures were lower than the original budgeted expenditures. Actual expenditures were lower than final budgeted expenditures due to lower than expected regular instruction expenditures.

Capital Assets and Debt Administration

Capital Assets

All capital assets, except land and construction in progress, are reported net of depreciation. During the fiscal year, capital assets decreased due to annual depreciation and deletions outpacing the purchase of new assets, which mainly consisted of roof repairs and other building improvements. For more information on capital assets refer to Note 10 of the basic financial statements.

Medina City School District
Management's Discussion and Analysis
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Unaudited

Debt

During the fiscal year, outstanding debt decreased due to paying down certificates of participation and general obligation bonds.

The 2015 refunding certificates of participation (COPs) were issued to advance refund a portion of the 2008 COPs. This debt will be fully repaid in fiscal year 2038.

The 2012 refunding bonds were issued to pay down the 2007 energy conservation note and the transportation facilities note. This debt will be fully repaid in fiscal year 2023.

The 2013 refunding bonds were issued to refund a portion of the 2005 refunding bonds. This debt will be fully repaid in fiscal year 2028.

The 2016 refunding bonds were issued to refund the 2005 refunding bonds. This debt will be fully repaid in fiscal year 2029.

The School District's overall legal debt margin was \$107,273,466 with an unvoted debt margin of \$1,499,870. The School District maintains an Aa2 bond rating. For more information on debt, refer to Note 12 of the basic financial statements.

In addition to the long-term debt, the School District's long-term obligations include capital leases, compensated absences, net pension liability, and net OPEB liability. Additional information for these items can be found in Notes 11, 12, 23, and 24, respectively.

School District Outlook

The Board of Education and administration closely monitor the School District's revenues and expenditures in accordance with its financial forecast and Strategic Plan. Implementation of the full Strategic Plan will take place over the next two years including additional programming for students of the School District.

The financial future of the School District is not without its challenges. These challenges are internal and external in nature. The internal challenges will continue to exist, as the School District must rely heavily on local property taxes to fund its operations. External challenges continue to evolve as the State of Ohio reacts to COVID-19 and slow growth of the economy when it comes to funding school districts. Both have had an impact on funding and the funding formula.

Reductions have been implemented in the past to maintain a positive unencumbered balance for future fiscal years. The passage of the 5.9 mill five-year emergency levy in 2013 allowed the School District to continue current operations and add needed educational programming and transportation. The passage of the 5.20 mill Substitute Levy in May of 2018 has allowed the School District to further implement the Strategic Plan while not increasing cost to taxpayers.

Although the School District relies heavily on its property taxpayers to support its operations, the community support for the School District is quite strong. The School District has communicated to the community its reliance upon their tax support for the majority of its operations and will continue to work diligently to plan expenditures, staying carefully within the School District's five-year forecast. The community also realizes that the income generated by local levies remains relatively constant; therefore, forcing the School District to come back to the voters from time to time to ask for additional support.

Medina City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

In May of 2007, Medina County voters passed a countywide 30-year, 0.5 percent sales tax to pay for school permanent improvements. The tax is allocated among the public schools within the County based upon their number of students. The allocation for Medina City School District for calendar year 2020 was \$3.3 million. Medina County is the only county in Ohio that has levied a sales tax for school districts.

Beginning in fiscal year 2012, the administration of Governor John Kasich proposed a new funding method for school districts in the State; however, fiscal year 2012 and 2013 funding was based on a transitional approach, referred to as the Bridge formula. The Bridge formula divided the fiscal year 2011 OEBS funding by a calculated ADM to determine the per pupil funding. The per pupil funding is then multiplied by the fiscal year ADM. The adequacy amount is offset by the school district share, which is equal to 21 mills of property taxes for fiscal year 2012.

More recently, the State implemented the Governor's new funding formula that targets funding based on economic factors called the Opportunity Grant formula. This formula also establishes spending requirements in such areas as "economic disadvantaged funding" and "special education funding." The School District has seen an increase in State funding due to the growth of the School District as compared to growth of the State; however, this growth was not continuing. Projections at that time showed decreasing revenue in fiscal year 2019 going forward based upon the current funding formula.

In fiscal year 2018, lower than anticipated increases to the current formula has shown the funding formula is still flawed as more school districts have been placed on a guarantee. This funding removes the School District from the funding formula.

During 2019, Governor DeWine and a new funding formula began. This formula has kept the basic funding from fiscal year 2019 and added aid for Student Wellness and Success in fiscal year 2020. The funding for school districts in Ohio has been frozen to fiscal year 2019. The State is looking at a new formula being put in front of the House for approval by Representatives Cupp and Patterson. This new funding formula is currently in committee hearing.

Regardless of funding levels, the School District's management will continue to carefully and prudently plan to provide effective and efficient programs and services to meet the needs of our students over the next several fiscal years.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact David Chambers, Treasurer, at Medina City School District, 739 Weymouth Road, Medina, Ohio 44256, or email at chambersd@medinabees.org.

Medina City School District

Statement of Net Position

June 30, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$73,451,009	\$84,960	\$73,535,969
Cash and Cash Equivalents With Fiscal Agents	289,614	0	289,614
Accrued Interest Receivable	135,658	0	135,658
Accounts Receivable	27,308	0	27,308
Intergovernmental Receivable	3,355,703	2,726	3,358,429
Inventory Held for Resale	69,632	0	69,632
Materials and Supplies Inventory	59,524	0	59,524
Property Taxes Receivable	55,657,946	0	55,657,946
Net OPEB Asset (See Note 24)	5,796,893	0	5,796,893
Nondepreciable Capital Assets	4,937,511	0	4,937,511
Depreciable Capital Assets, Net	82,276,576	0	82,276,576
<i>Total Assets</i>	<u>226,057,374</u>	<u>87,686</u>	<u>226,145,060</u>
Deferred Outflows of Resources			
Deferred Charges on Refunding	3,561,622	0	3,561,622
Pension	21,053,187	0	21,053,187
OPEB	2,004,184	0	2,004,184
<i>Total Deferred Outflows of Resources</i>	<u>26,618,993</u>	<u>0</u>	<u>26,618,993</u>
Liabilities			
Accounts Payable	413,995	936	414,931
Accrued Wages and Benefits	6,940,543	0	6,940,543
Matured Compensated Absences Payable	356,448	0	356,448
Intergovernmental Payable	1,749,444	0	1,749,444
Accrued Interest Payable	185,453	0	185,453
Claims Payable	840,830	0	840,830
Long-Term Liabilities:			
Due Within One Year	4,538,441	0	4,538,441
Due In More Than One Year:			
Net Pension Liability (See Note 23)	96,659,862	0	96,659,862
Net OPEB Liability (See Note 24)	8,298,861	0	8,298,861
Other Amounts Due in More Than One Year	70,319,456	0	70,319,456
<i>Total Liabilities</i>	<u>190,303,333</u>	<u>936</u>	<u>190,304,269</u>
Deferred Inflows of Resources			
Property Taxes	48,620,572	0	48,620,572
Pension	5,861,054	0	5,861,054
OPEB	9,922,235	0	9,922,235
<i>Total Deferred Inflows of Resources</i>	<u>64,403,861</u>	<u>0</u>	<u>64,403,861</u>
Net Position			
Net Investment in Capital Assets	31,507,810	0	31,507,810
Restricted for:			
Capital Projects	6,123,860	0	6,123,860
Debt Service	3,726,911	0	3,726,911
Student Activities	436,533	0	436,533
Athletics and Music	274,998	0	274,998
Auxiliary Services	141,808	0	141,808
Student Wellness and Success	158,469	0	158,469
Local Grants	5,641	0	5,641
State Grants	59,190	0	59,190
Federal Grants	180,411	0	180,411
Unclaimed Monies	42,884	0	42,884
Unrestricted (Deficit)	<u>(44,689,342)</u>	<u>86,750</u>	<u>(44,602,592)</u>
<i>Total Net Position</i>	<u>(\$2,030,827)</u>	<u>\$86,750</u>	<u>(\$1,944,077)</u>

See accompanying notes to the basic financial statements

Medina City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2020

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular	\$47,254,420	\$302,301	\$57,113	\$0
Special	17,080,061	47,255	3,683,328	0
Special - External Portion	714,172	714,172	0	0
Vocational	406,263	1,153	34,217	0
Student Intervention Services	50,544	171	0	0
Support Services:				
Pupils	6,204,025	17,748	640,619	0
Instructional Staff	2,058,963	5,347	194,528	0
Board of Education	144,310	554	3,663	0
Administration	7,259,875	57,678	134,219	0
Fiscal	1,550,942	4,806	0	0
Business	716,897	2,505	3,196	0
Operation and Maintenance of Plant	8,702,662	53,867	39,347	4,882
Pupil Transportation	3,910,241	11,375	148,138	0
Central	673,024	2,081	20,921	0
Operation of Non-Instructional Services	570,548	319	599,866	0
Food Service Operations	2,525,725	1,275,888	848,775	0
Extracurricular Activities	2,427,896	1,110,651	41,188	0
Interest and Fiscal Charges	2,550,964	0	0	0
<i>Total Governmental Activities</i>	<u>104,801,532</u>	<u>3,607,871</u>	<u>6,449,118</u>	<u>4,882</u>
Business-Type Activities				
Transportation Enterprise	5,815	5,574	0	0
STARS Enterprise	30,475	23,381	0	0
<i>Total Business-Type Activities</i>	<u>36,290</u>	<u>28,955</u>	<u>0</u>	<u>0</u>
<i>Total</i>	<u>\$104,837,822</u>	<u>\$3,636,826</u>	<u>\$6,449,118</u>	<u>\$4,882</u>

General Revenues

Property Taxes Levied for:
General Purposes
Debt Service
Grants and Entitlements not Restricted to Specific Programs
Grants Restricted for Permanent Improvements
Investment Earnings
Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year -Restated (See Note 3)

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$46,895,006)	\$0	(\$46,895,006)
(13,349,478)	0	(13,349,478)
0	0	0
(370,893)	0	(370,893)
(50,373)	0	(50,373)
(5,545,658)	0	(5,545,658)
(1,859,088)	0	(1,859,088)
(140,093)	0	(140,093)
(7,067,978)	0	(7,067,978)
(1,546,136)	0	(1,546,136)
(711,196)	0	(711,196)
(8,604,566)	0	(8,604,566)
(3,750,728)	0	(3,750,728)
(650,022)	0	(650,022)
29,637	0	29,637
(401,062)	0	(401,062)
(1,276,057)	0	(1,276,057)
(2,550,964)	0	(2,550,964)
(94,739,661)	0	(94,739,661)
0	(241)	(241)
0	(7,094)	(7,094)
0	(7,335)	(7,335)
(94,739,661)	(7,335)	(94,746,996)
53,462,731	0	53,462,731
3,791,624	0	3,791,624
22,459,598	0	22,459,598
3,476,221	0	3,476,221
1,961,886	0	1,961,886
576,351	10,535	586,886
85,728,411	10,535	85,738,946
(7,034)	7,034	0
85,721,377	17,569	85,738,946
(9,018,284)	10,234	(9,008,050)
6,987,457	76,516	7,063,973
(\$2,030,827)	\$86,750	(\$1,944,077)

Medina City School District

Balance Sheet

Governmental Funds

June 30, 2020

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$56,265,684	\$3,433,943	\$5,213,511	\$64,913,138
Cash and Cash Equivalents With Fiscal Agent	288,724	0	890	289,614
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	42,884	0	0	42,884
Accrued Interest Receivable	135,658	0	0	135,658
Property Taxes Receivable	51,871,653	3,786,293	0	55,657,946
Accounts Receivable	26,603	0	705	27,308
Interfund Receivable	652,001	0	0	652,001
Intergovernmental Receivable	103,895	0	3,199,291	3,303,186
Inventory Held for Resale	0	0	69,632	69,632
Materials and Supplies Inventory	46,248	0	13,276	59,524
<i>Total Assets</i>	<u>\$109,433,350</u>	<u>\$7,220,236</u>	<u>\$8,497,305</u>	<u>\$125,150,891</u>
Liabilities				
Accounts Payable	\$393,107	\$0	\$20,066	\$413,173
Accrued Wages and Benefits	6,440,891	0	392,502	6,833,393
Matured Compensated Absences Payable	356,448	0	0	356,448
Intergovernmental Payable	1,612,706	0	115,032	1,727,738
Interfund Payable	0	0	652,001	652,001
<i>Total Liabilities</i>	<u>8,803,152</u>	<u>0</u>	<u>1,179,601</u>	<u>9,982,753</u>
Deferred Inflows of Resources				
Property Taxes	45,312,700	3,307,872	0	48,620,572
Unavailable Revenue	234,401	12,611	2,428,914	2,675,926
<i>Total Deferred Inflows of Resources</i>	<u>45,547,101</u>	<u>3,320,483</u>	<u>2,428,914</u>	<u>51,296,498</u>
Fund Balances				
Nonspendable	89,132	0	13,276	102,408
Restricted	0	3,899,753	5,750,694	9,650,447
Assigned	1,833,324	0	0	1,833,324
Unassigned (Deficit)	53,160,641	0	(875,180)	52,285,461
<i>Total Fund Balances</i>	<u>55,083,097</u>	<u>3,899,753</u>	<u>4,888,790</u>	<u>63,871,640</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$109,433,350</u>	<u>\$7,220,236</u>	<u>\$8,497,305</u>	<u>\$125,150,891</u>

See accompanying notes to the basic financial statements

Medina City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2020*

Total Governmental Fund Balances		\$63,871,640
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		87,214,087
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	\$174,824	
Intergovernmental	730,685	
County Levied Sales Tax	1,688,199	
Tuition and Fees	82,218	
Total	2,675,926	2,675,926
Deferred outflows of resources represent deferred charges on refundings, which are not reported in the funds.		3,561,622
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(185,453)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Certificates of Participation	(23,347,705)	
General Obligation Bonds	(35,819,531)	
Capital Leases	(1,623,161)	
Compensated Absences	(14,067,500)	
Total	(74,857,897)	(74,857,897)
Internal service funds are used by management to charge the costs of self insurance and other operations to individual funds. The assets and liabilities of the internal service funds are included in the statement of net position:		
Net Position	7,385,651	
Compensated Absences	191,345	
Total	7,576,996	7,576,996
The net pension/OPEB asset/liabilities are not due and payable in the current period; therefore, the asset/liabilities and related deferred inflows/outflows are not reported in governmental funds:		
Net OPEB Asset	5,796,893	
Deferred Outflows - Pension	21,053,187	
Deferred Outflows - OPEB	2,004,184	
Net Pension Liability	(96,659,862)	
Net OPEB Liability	(8,298,861)	
Deferred Inflows - Pension	(5,861,054)	
Deferred Inflows - OPEB	(9,922,235)	
Total	(91,887,748)	(91,887,748)
 <i>Net Position of Governmental Activities</i>		 (\$2,030,827)

See accompanying notes to the basic financial statements

Medina City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$53,475,900	\$3,791,373	\$0	\$57,267,273
Intergovernmental	24,216,562	451,243	7,325,449	31,993,254
Interest	1,939,912	0	21,974	1,961,886
Tuition and Fees	433,170	0	0	433,170
Charges for Services	44,822	0	1,303,944	1,348,766
Extracurricular Activities	496,276	0	525,891	1,022,167
Contributions and Donations	59,328	0	40,984	100,312
Rentals	83,313	0	0	83,313
Miscellaneous	289,706	0	67,064	356,770
<i>Total Revenues</i>	<u>81,038,989</u>	<u>4,242,616</u>	<u>9,285,306</u>	<u>94,566,911</u>
Expenditures				
Current:				
Instruction:				
Regular	39,994,093	0	50,608	40,044,701
Special	13,256,831	0	1,681,032	14,937,863
Vocational	326,145	0	0	326,145
Student Intervention Services	50,485	0	0	50,485
Support Services:				
Pupils	5,055,025	0	508,405	5,563,430
Instructional Staff	1,438,414	0	132,818	1,571,232
Board of Education	142,611	0	0	142,611
Administration	6,063,096	0	110,604	6,173,700
Fiscal	1,386,578	54,538	0	1,441,116
Business	747,472	0	4,000	751,472
Operation and Maintenance of Plant	7,399,732	0	1,569,436	8,969,168
Pupil Transportation	3,277,278	0	134,004	3,411,282
Central	587,787	0	19,680	607,467
Operation of Non-Instructional Services	52,743	0	531,887	584,630
Food Service Operations	0	0	2,248,047	2,248,047
Extracurricular Activities	1,474,496	0	762,324	2,236,820
Capital Outlay	271,581	0	0	271,581
Debt Service:				
Principal Retirement	660,293	4,040,000	0	4,700,293
Interest and Fiscal Charges	74,413	2,224,395	0	2,298,808
<i>Total Expenditures</i>	<u>82,259,073</u>	<u>6,318,933</u>	<u>7,752,845</u>	<u>96,330,851</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,220,084)</u>	<u>(2,076,317)</u>	<u>1,532,461</u>	<u>(1,763,940)</u>
Other Financing Sources (Uses)				
Transfers In	0	2,077,358	150,911	2,228,269
Transfers Out	(449,295)	0	(1,786,008)	(2,235,303)
<i>Total Other Financing Sources (Uses)</i>	<u>(449,295)</u>	<u>2,077,358</u>	<u>(1,635,097)</u>	<u>(7,034)</u>
<i>Net Change in Fund Balances</i>	<u>(1,669,379)</u>	<u>1,041</u>	<u>(102,636)</u>	<u>(1,770,974)</u>
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>56,752,476</u>	<u>3,898,712</u>	<u>4,991,426</u>	<u>65,642,614</u>
<i>Fund Balances End of Year</i>	<u>\$55,083,097</u>	<u>\$3,899,753</u>	<u>\$4,888,790</u>	<u>\$63,871,640</u>

See accompanying notes to the basic financial statements

Medina City 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, 2020*

Net Change in Fund Balances - Total Governmental Funds (\$1,770,974)

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

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

Capital Outlay	\$2,078,415	
Current Year Depreciation	(3,486,692)	
Total		(1,408,277)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (100,274)

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

Delinquent Property Taxes	(12,918)	
Intergovernmental	238,685	
County Levied Sales Tax	57,568	
Tuition and Fees	6,283	
Total		289,618

Repayment of bond, certificates of participation, and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 4,700,293

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

Accrued Interest	26,556	
Annual Accretion	(399,918)	
Amortization of Bond and Certificates of Participation Premiums	393,905	
Amortization of Deferred Charge on Refunding	(272,699)	
Total		(252,156)

Compensated absences 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. (4,205,512)

Internal service funds used by management are not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds is allocated among the governmental expenses:

Change in Net Position	(176,639)	
Internal Elimination	133,434	
Change in Compensated Absences	62,070	
Total		18,865

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

Pension	7,649,174	
OPEB	176,576	
Total		7,825,750

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

Pension	(15,620,073)	
OPEB	1,504,456	
Total		(14,115,617)

Change in Net Position of Governmental Activities (\$9,018,284)

See accompanying notes to the basic financial statements

Medina City 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, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$51,620,340	\$51,620,340	\$51,620,340	\$0
Intergovernmental	25,190,064	24,560,715	24,224,329	(336,386)
Interest	1,437,405	1,437,405	1,437,405	0
Tuition and Fees	244,938	244,938	244,938	0
Charges for Services	24,900	44,822	44,822	0
Extracurricular Activities	335,695	335,695	335,695	0
Rentals	4,434	4,434	4,434	0
Miscellaneous	235,023	259,645	259,645	0
<i>Total Revenues</i>	<u>79,092,799</u>	<u>78,507,994</u>	<u>78,171,608</u>	<u>(336,386)</u>
Expenditures				
Current:				
Instruction:				
Regular	46,640,565	41,491,903	39,409,304	2,082,599
Special	8,556,160	13,222,061	13,222,061	0
Vocational	252,772	318,973	318,973	0
Student Intervention Services	73,929	51,985	51,985	0
Support Services:				
Pupils	7,146,739	5,059,904	5,059,904	0
Instructional Staff	814,516	1,396,557	1,396,557	0
Board of Education	139,588	134,646	134,646	0
Administration	6,864,508	5,953,586	5,953,586	0
Fiscal	1,369,928	1,388,381	1,388,381	0
Business	890,135	842,956	842,956	0
Operation and Maintenance of Plant	6,621,067	8,212,268	8,212,268	0
Pupil Transportation	3,295,510	3,437,669	3,437,669	0
Central	478,360	593,004	593,004	0
Operation of Non-Instructional Services	21,947	26,195	26,195	0
Extracurricular Activities	531,319	1,413,805	1,413,805	0
Capital Outlay	259,952	0	0	0
Debt Service:				
Principal Retirement	660,293	660,293	660,293	0
Interest and Fiscal Charges	74,413	74,413	74,413	0
<i>Total Expenditures</i>	<u>84,691,701</u>	<u>84,278,599</u>	<u>82,196,000</u>	<u>2,082,599</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(5,598,902)</u>	<u>(5,770,605)</u>	<u>(4,024,392)</u>	<u>1,746,213</u>
Other Financing Sources (Uses)				
Advances In	478,648	478,648	478,648	0
Advances Out	(400,000)	(649,329)	(649,329)	0
Transfers Out	(480,000)	(480,000)	(460,578)	19,422
<i>Total Other Financing Sources (Uses)</i>	<u>(401,352)</u>	<u>(650,681)</u>	<u>(631,259)</u>	<u>19,422</u>
<i>Net Change in Fund Balance</i>	(6,000,254)	(6,421,286)	(4,655,651)	1,765,635
<i>Fund Balance Beginning of Year</i>	56,541,246	56,541,246	56,541,246	0
Prior Year Encumbrances Appropriated	1,455,454	1,455,454	1,455,454	0
<i>Fund Balance End of Year</i>	<u>\$51,996,446</u>	<u>\$51,575,414</u>	<u>\$53,341,049</u>	<u>\$1,765,635</u>

See accompanying notes to the basic financial statements

Medina City School District
Statement of Fund Net Position
Proprietary Funds
June 30, 2020

	Business Type Activities - Non-Major <u>Enterprise Funds</u>	Governmental Activities - Internal Service <u>Funds</u>
Assets		
<i>Current Assets:</i>		
Equity in Pooled Cash and Cash Equivalents	\$84,960	\$8,494,987
Intergovernmental Receivable	<u>2,726</u>	<u>52,517</u>
<i>Total Assets</i>	<u>87,686</u>	<u>8,547,504</u>
Liabilities		
<i>Current Liabilities:</i>		
Accounts Payable	936	822
Accrued Wages and Benefits	0	107,150
Intergovernmental Payable	0	21,706
Compensated Absences Payable	0	3,157
Claims Payable	<u>0</u>	<u>840,830</u>
<i>Total Current Liabilities</i>	936	973,665
<i>Long-Term Liability:</i>		
Compensated Absences Payable (net of current portion)	<u>0</u>	<u>188,188</u>
<i>Total Liabilities</i>	<u>936</u>	<u>1,161,853</u>
Net Position		
Unrestricted	<u>\$86,750</u>	<u>\$7,385,651</u>

See accompanying notes to the basic financial statements

Medina City School District
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2020*

	Business Type Activities - Non-Major <u>Enterprise Funds</u>	Governmental Activities - Internal Service <u>Funds</u>
Operating Revenues		
Tuition and Fees	\$0	\$1,364,592
Charges for Services	28,955	10,074,775
Miscellaneous	10,535	219,581
<i>Total Operating Revenues</i>	<u>39,490</u>	<u>11,658,948</u>
Operating Expenses		
Salaries	0	855,129
Fringe Benefits	0	325,649
Purchased Services	0	198,139
Materials and Supplies	36,290	4,994
Claims	0	9,258,118
Other	0	1,193,558
<i>Total Operating Expenses</i>	<u>36,290</u>	<u>11,835,587</u>
<i>Income (Loss) Before Transfers</i>	3,200	(176,639)
Transfers In	<u>7,034</u>	<u>0</u>
<i>Change in Net Position</i>	10,234	(176,639)
<i>Net Position Beginning of Year</i>	<u>76,516</u>	<u>7,562,290</u>
<i>Net Position End of Year</i>	<u><u>\$86,750</u></u>	<u><u>\$7,385,651</u></u>

See accompanying notes to the basic financial statements

Medina City School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2020

	Business Type Activities - Non-Major <u>Enterprise Funds</u>	Governmental Activities - Internal Service <u>Funds</u>
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
Cash Flows from Operating Activities		
Cash Received from Customers	\$28,955	\$1,501,969
Cash Received from Interfund Services Provided	0	10,074,775
Cash Received from Other Sources	8,504	219,581
Cash Payments for Employee Services and Benefits	0	(1,085,609)
Cash Payments for Goods and Services	(35,843)	(203,133)
Cash Payments for Claims	0	(8,840,114)
Cash Payments for Other Uses	0	(1,192,736)
<i>Net Cash Provided by Operating Activities</i>	<u>1,616</u>	<u>474,733</u>
Cash Flows from Non-Operating Activities		
Advances Out	0	(10,524)
Transfers In	7,034	0
<i>Total Cash Flows Provided by (Used for) Non-Operating Activities</i>	<u>7,034</u>	<u>(10,524)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	8,650	464,209
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>76,310</u>	<u>8,030,778</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$84,960</u></u>	<u><u>\$8,494,987</u></u>
<i>Reconciliation of Operating Income (Loss) to Cash Flows Provided by Operating Activities</i>		
<i>Operating Income (Loss)</i>	<u>\$3,200</u>	<u>(\$176,639)</u>
Adjustments		
(Increase) Decrease in Assets:		
Intergovernmental Receivable	(2,031)	137,377
Increase (Decrease) in Liabilities:		
Accounts Payable	447	822
Accrued Wages	0	24,496
Intergovernmental Payable	0	8,603
Compensated Absences Payable	0	62,070
Claims Payable	0	418,004
<i>Total Adjustments</i>	<u>(1,584)</u>	<u>651,372</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$1,616</u></u>	<u><u>\$474,733</u></u>

See accompanying notes to the basic financial statements

Medina City School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Private Purpose Trust Scholarship and Alumni Programs	Custodial OHSSA Tournaments
Assets		
Equity in Pooled Cash and Cash Equivalents	\$41,053	\$1,272
Investments in Segregated Accounts	596,114	0
<i>Total Assets</i>	637,167	1,272
Liabilities		
Intergovernmental Payable	0	1,272
Net Position		
Held in Trust for Scholarships:		
Expendable	47,400	0
Nonexpendable	589,767	0
<i>Total Net Position</i>	\$637,167	\$0

See accompanying notes to the basic financial statements

Medina City School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2020

	Private Purpose Trust	Custodial
	Scholarship and Alumni Programs	OHSSA Tournaments
Additions		
Interest	\$35,631	\$0
Contributions and Donations	18,500	0
Extracurricular Activities Collected for Other Organizations	0	37,757
Miscellaneous	3,933	0
<i>Total Additions</i>	<u>58,064</u>	<u>37,757</u>
Deductions		
Scholarships Awarded	47,400	0
Loss on Sale of Investments	93,505	0
Extracurricular Activities Distributed to Other Organizations	0	37,757
<i>Total Deductions</i>	<u>140,905</u>	<u>37,757</u>
<i>Net Decrease in Fiduciary Net Position</i>	(82,841)	0
<i>Net Position Beginning of Year - Restated (See Note 3)</i>	<u>720,008</u>	<u>0</u>
<i>Net Position End of Year</i>	<u><u>\$637,167</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 1 – Description of the School District and Reporting Entity

Medina City 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 five member Board form of government whose members are elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and federal guidelines.

The School District is located in Medina County and encompasses most of the City of Medina and portions of surrounding townships. The School District currently operates seven elementary schools, two middle schools and one comprehensive high school, which are staffed by 38 administrators, 8 psychologists, 5 prevention coordinators, 1 administrative secretary, 454.63 certificated full-time equivalent teaching personnel and 283.11 full-time-equivalent classified employees, who provide services to 6,660 students and other community members.

Reporting Entity

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

Non-public Schools Within the School District boundaries, the Nurtury, St. Francis Xavier, Kids Country, and the Medina Christian Academy are operated as non-public schools. Current State legislation provides funding to these schools. These monies are received and disbursed on behalf of the non-public schools by the Treasurer of the School District, as directed by the non-public schools. These transactions are reported in a special revenue fund and as a governmental 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 deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The School District does not have any component units.

The School District participates in three jointly governed organizations, which are the Northeast Ohio Network for Educational Technology, Medina County Career Center, and the Ohio Schools Council. These organizations are addressed in Note 16 to the basic financial statements.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 2 – Summary of Significant Accounting Policies

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

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 activity of the internal service funds is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type.

The statement of net position presents the financial condition of the governmental and business-type activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity 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 governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Fund Accounting

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

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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

The following are the School District's major governmental funds:

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

Bond Retirement Fund The bond retirement fund is used to account for and report the accumulation of property tax revenues restricted for the payment of general obligation bonds and certificates of participation issued for high school and elementary school additions and the construction of a new recreation center.

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

Proprietary Fund Type Proprietary funds reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service.

Enterprise Fund Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's enterprise funds are used to account for monies received from outside school districts for repair work done to their vehicles and for monies received for elementary school students who are paying for STARS testing supplies.

Internal Service Funds The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's three internal service funds are a self insurance fund that accounts for health and prescription claims, a workers' compensation self insurance fund that accounts for workers' compensation claims, and a rotary fund that accounts for operations that provide goods and services to other governmental units on a cost-reimbursement basis.

Fiduciary Funds Types Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) 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. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has two private purpose trust funds which are both used to account for college scholarships. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's custodial fund accounts for collections of fees to be distributed to the Ohio High School Athletic Association for athletic tournaments.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (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 and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

For proprietary funds, the statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds present a statement of changes in fiduciary net position, which reports additions to and deductions from custodial 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 and the statements presented for proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

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

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension, and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 23 and 24.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants and sales taxes, and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 23 and 24).

Expenditures/Expenses 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. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset/liabilities, 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 plans. 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.

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled except for certain investments for the private purpose trust funds. Individual fund integrity is maintained through the School District records. Interest in the pool is presented as “equity in pooled cash and cash equivalents” on the financial statements.

The School District has a carryover cash balance with the Educational Service Center of Medina County and utilizes a financial institution to service an energy conservation upgrade. These amounts are presented on the statement of fund net position as “cash and cash equivalents with fiscal agents.”

The School District has segregated bank accounts for monies held in private purpose trust funds. These interest bearing investment accounts are reported as “investments in segregated accounts” on the statement of fiduciary net position.

During fiscal year 2020, investments were limited to STAR Ohio, mutual funds, money market mutual funds, municipal securities, federal home loan mortgage corporation bonds, federal home loan bank bonds, federal national mortgage association bonds, federal farm credit bank bonds, US treasury notes, and negotiable certificates of deposits.

Investments, except for STAR Ohio, are reported at fair value which is based on quoted market prices.

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

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

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during the fiscal year 2020 amounted to \$1,939,912, which included \$437,862 assigned from other School District funds.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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 reported as cash equivalents.

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors or laws of other governments or imposed by law through constitutional provision. Restricted assets in the general fund are for unclaimed monies.

Inventory

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

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of capital assets by back trending (i.e., estimating the current replacement cost of the assets to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of seven thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	40 Years
Buildings and Improvements	40 Years
Furniture and Equipment	5 Years
Vehicles	10 Years

Interfund Balances

On 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.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Compensated Absences

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

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

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

For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have resigned or retired 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, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

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

Fund Balances

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or 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 The 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.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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 includes the remaining amount that is not restricted or committed. These assigned balances are established by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education or a School District official delegated that authority by resolution by State Statute. State Statute authorizes the Treasurer to assign fund balances for purchases on order provided such amounts have been lawfully appropriated. The Board of Education also assigned fund balance for public school support.

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.

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.

Net Position

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

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for all proprietary funds. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as nonoperating.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Estimates

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

Internal Activity

Transfers between governmental funds are eliminated on the government-wide financial statements. Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

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

Budgetary Process

All funds, except custodial 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 amount that the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds. The Treasurer has been given authority to allocate Board appropriations to the function and object levels within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District's Treasurer. The amounts reported in the budgetary statement as the original and final budgeted amounts reflect the amounts in the amended certificate in effect when the original and final appropriations were passed by the Board of Education.

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

Premiums

On the government-wide financial statements, premiums are deferred and amortized for the term of the debt issuance using the straight-line method since the results are not significantly different from the effective interest method. Premiums are presented as an increase of the face amount of the debt issuance payable. On governmental fund statements, premiums are receipted in the year the debt issuance is issued.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Deferred Charges on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

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

Changes in Accounting Principles

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

For fiscal year 2020, the School District implemented 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 certain funds will be reported in the new fiduciary fund classification of custodial funds, while other funds have been reclassified as governmental funds. The School District also reviewed its private purpose trust funds with all such funds meeting the new GASB 84 definition for private purpose trust funds. These fund reclassifications resulted in the restatement of the School District’s financial statements as shown in the tables that follow.

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

Restatement of Fund Balance and Net Position

The implementation of GASB Statement No. 84 had the following effect on fund balance as of June 30, 2019:

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Fund Balance at June 30, 2019	\$56,716,430	\$3,898,712	\$4,585,632	\$65,200,774
Adjustment:				
GASB 84	36,046	0	405,794	441,840
Restated Fund Balance at June 30, 2019	<u>\$56,752,476</u>	<u>\$3,898,712</u>	<u>\$4,991,426</u>	<u>\$65,642,614</u>

Medina City School District
Notes to the Basic Financial Statements
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The implementation of GASB Statement No. 84 had the following effect on net position as of June 30, 2019:

	Governmental Activities	Business-Type Activities	Total
Net Position at June 30, 2019	\$6,545,617	\$76,516	\$6,622,133
Adjustment:			
GASB 84	441,840	0	441,840
Restated Net Position at June 30, 2019	\$6,987,457	\$76,516	\$7,063,973

The implementation of GASB Statement No. 84 had the following effect on fiduciary net position as of June 30, 2019:

	Fiduciary Funds	
	Agency	Custodial
Net Position June 30, 2019	\$0	\$0
Adjustments:		
Assets	(441,840)	1,875
Liabilities	(441,840)	1,875
Restated Net Position June 30, 2019	\$0	\$0

Note 4 – Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).
3. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
4. Advances In and Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Budgetary revenues and expenditures of the uniform school supply, public school support, and unclaimed monies funds are reclassified to the general fund for GAAP reporting.
6. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).

Medina City School District
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The following tables summarize the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund:

Net Change in Fund Balance	General
GAAP Basis	(\$1,669,379)
Net Adjustment for Revenue Accruals	(1,814,281)
Beginning Fair Value Adjustment for Investments	70,005
Ending Fair Value Adjustment for Investments	(567,436)
Net Adjustment for Expenditure Accruals	871,871
Advances In	478,648
Advances Out	(649,329)
Perspective Differences:	
Uniform School Supply	14,684
Public School Support	(48,275)
Unclaimed Monies	(6,838)
Adjustment for Encumbrances	(1,335,321)
Budget Basis	(\$4,655,651)

Note 5 – Accountability

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

Fund	Negative Fund Balances
<i>Special Revenue Funds:</i>	
Food Service	\$512,846
Title VI-B	216,825
Title I	113,180
Preschool Grant	11,508
Reducing Class Size	6,880
Miscellaneous Federal Grants	665

The special revenue funds' deficits balances for food service, title VI-B, title I, and preschool grant resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in the funds and provides transfers when cash is required, not when accruals occur.

The special revenue funds' deficit balances for reducing class size and miscellaneous federal grants resulted from an interfund payable in each of the funds. The general fund provides money to operate the program until grants and other monies are received and the advance can be repaid.

Medina City School District
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For the Fiscal Year Ended June 30, 2020

Note 6 – Deposits and Investments

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

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

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

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

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

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

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

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

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

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2020, \$3,521,219 of the School District's total bank balance of \$8,915,141 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. One of the School District's financial institutions participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

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.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Investments

As of June 30, 2020, the School District had the following investments:

Measurement/Investment	Investment Maturities (in Years)				
	Measurement Amount	Less than 1	1-2	2-3	3-5
Net Asset Value Per Share:					
STAR Ohio	\$15,684,621	\$15,684,621	\$0	\$0	\$0
Fair Value - Level 1 Inputs:					
Mutual Funds	584,517	584,517	0	0	0
Fair Value - Level 2 Inputs:					
Money Market Mutual Fund	1,166,829	1,166,829	0	0	0
Municipal Securities	3,668,166	2,022,040	787,945	858,181	0
Federal Home Loan Mortgage Corporation Bonds	7,335,244	0	1,500,048	3,230,954	2,604,242
Federal Home Loan Bank Bonds	1,701,787	1,198,413	0	0	503,374
Federal National Mortgage Association Bonds	2,775,167	1,075,758	0	1,699,409	0
Federal Farm Credit Bank Bonds	5,058,004	0	2,198,005	1,505,894	1,354,105
US Treasury Notes	7,523,092	5,300,552	2,222,540	0	0
Negotiable Certificates of Deposit	20,276,738	6,244,429	2,787,314	4,225,805	7,019,190
Total Portfolio	<u>\$65,774,165</u>	<u>\$33,277,159</u>	<u>\$9,495,852</u>	<u>\$11,520,243</u>	<u>\$11,480,911</u>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The preceding chart identifies the School District's recurring fair value measurements as of June 30, 2020. The Mutual Funds are measured at fair value and are valued using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (Level 2 inputs).

Interest Rate Risk The School District has no investment policy that addresses interest rate risk. 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 investment must be purchased with the expectation that it will be held to maturity.

Credit Risk STAR Ohio carries a credit rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Federal Home Loan Mortgage Corporation Bonds, Federal Home Loan Bank Bonds, Federal National Mortgage Association Bonds, Federal Farm Credit Bank Bonds, and US Treasury Notes carry a rating of AA+ by Standard & Poor's. The remaining investments are not rated by Standard & Poor's. The School District has no investment policy that addresses credit risk.

Medina City School District
Notes to the Basic Financial Statements
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Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer. The following is the School District's allocation as of June 30, 2020:

Measurement/Investment	Measurement Amount	Percent of Total Investments
Net Asset Value Per Share:		
STAR Ohio	\$15,684,621	N/A
Fair Value - Level 1 Inputs:		
Mutual Funds	584,517	N/A
Fair Value - Level 2 Inputs:		
Money Market Mutual Fund	1,166,829	N/A
Municipal Securities	3,668,166	5.58 %
Federal Home Loan Mortgage Corporation Bonds	7,335,244	11.15
Federal Home Loan Bank Bonds	1,701,787	N/A
Federal National Mortgage Association Bonds	2,775,167	N/A
Federal Farm Credit Bank Bonds	5,058,004	7.69
US Treasury Notes	7,523,092	11.44
Negotiable Certificates of Deposit	20,276,738	30.83
Total Portfolio	<u>\$65,774,165</u>	

Note 7 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2020 represents collections of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed value listed as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2020 represents collections of calendar year 2019 taxes. Public utility real property taxes received in calendar year 2019 became a lien December 31, 2018, were levied after April 1, 2019, and are collected in calendar year 2020 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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

The amount available as an advance at June 30, 2020, was \$6,396,740 in the general fund and \$465,810 in the bond retirement debt service fund. The amount available as an advance at June 30, 2019, was \$4,541,180 in the general fund and \$292,720 in the bond retirement debt service fund. The difference was in the timing and collection by the County Auditor.

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

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

	2019 Second Half Collections		2020 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$1,285,815,260	97.45%	\$1,450,894,050	96.73%
Public Utility Personal Property	33,598,410	2.55%	48,975,560	3.27%
Total	\$1,319,413,670	100.00%	\$1,499,869,610	100.00%
Tax rate per \$1,000 of Assessed Valuation	\$90.83		\$90.23	

The overall tax rate decreased due to certain levies needing to meet their fixed rate due to the increases in assessed valuations.

Note 8 – Tax Abatements

For fiscal year 2020, the School District’s property taxes were reduced under community reinvestment area (CRA) agreements entered into by the following overlapping governments:

Overlapping Government	Amount of Fiscal Year 2020 Taxes Abated
City of Medina	\$603,878
Montville Township	102,445
Sharon Township	16,371
Total	\$722,694

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 9 – Receivables

Receivables at June 30, 2020, consisted of interest, taxes, accounts, interfund, and intergovernmental grants and disbursements. The School District receives a portion of a 0.5 percent sales tax levied by the County. The sales tax is allocated to the public schools based on a student count and is recorded as intergovernmental revenue. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivable	Amounts
<i>Governmental Funds:</i>	
County Levied Sales Tax	\$2,458,576
IDEA-B Grant	328,838
Title I-D Grant	145,666
Title I-A Grant	141,400
Title II-A Grant	93,580
Foundation Settlement	63,471
City of Medina	39,804
Title IV-A Grant	29,216
IDEA Early Childhood Grant	2,015
ESC of Medina County	620
Total Governmental	3,303,186
<i>Internal Service Fund:</i>	
Outside School Districts	52,517
<i>Enterprise Fund:</i>	
ESC of Medina County	2,726
Total	\$3,358,429

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 10 – Capital Assets

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

	Balance 7/1/19	Additions	Deletions	Balance 6/30/20
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$3,251,882	\$37,272	\$0	\$3,289,154
Construction in Progress	1,376,776	271,581	0	1,648,357
<i>Total Capital Assets, not being depreciated</i>	<u>4,628,658</u>	<u>308,853</u>	<u>0</u>	<u>4,937,511</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	2,217,326	0	0	2,217,326
Buildings and Improvements	138,616,989	1,684,099	(65,163)	140,235,925
Furniture and Equipment	2,365,984	38,913	(46,650)	2,358,247
Vehicles	5,057,155	46,550	(157,437)	4,946,268
<i>Total Capital Assets, being depreciated</i>	<u>148,257,454</u>	<u>1,769,562</u>	<u>(269,250)</u>	<u>149,757,766</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(1,376,489)	(37,896)	0	(1,414,385)
Buildings and Improvements	(58,788,339)	(2,836,988)	679	(61,624,648)
Furniture and Equipment	(1,512,767)	(149,220)	46,650	(1,615,337)
Vehicles	(2,485,879)	(462,588)	121,647	(2,826,820)
<i>Total Accumulated Depreciation</i>	<u>(64,163,474)</u>	<u>(3,486,692) *</u>	<u>168,976</u>	<u>(67,481,190)</u>
Total Capital Assets, being depreciated, net	<u>84,093,980</u>	<u>(1,717,130)</u>	<u>(100,274)</u>	<u>82,276,576</u>
Governmental Activities Capital Assets, Net	<u>\$88,722,638</u>	<u>(\$1,408,277)</u>	<u>(\$100,274)</u>	<u>\$87,214,087</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,498,855
Special	257,446
Vocational	51,437
Support Services:	
Pupils	108,193
Instructional Staff	290,068
Administration	205,263
Business	23,440
Operation and Maintenance of Plant	631,983
Pupil Transportation	245,928
Central	4,564
Operation of Non-Instructional Services	1,696
Food Service Operations	141,219
Extracurricular Activities	26,600
Total Depreciation Expense	<u>\$3,486,692</u>

Medina City School District
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Note 11 – Capital Leases

In fiscal year 2019, the School District entered into a capital lease for district-wide copiers. The assets acquired through the capital lease were capitalized at the present value of the minimum lease payments at the time the lease was entered into.

In fiscal year 2018, the School District entered into a capital lease obligation for an energy conservation project within all of the School District’s buildings currently being updated, which has unspent proceeds in the amount of \$207,643. This lease meets the criteria for a capital lease as defined by Statement of Financial Accounting Standards No. 13, *Accounting for Leases*. At the time the School District entered into this lease the equipment had not yet been completely installed throughout all of the buildings. The School District has made two principal payments for a total of \$431,000 as of June 30, 2020. This lease has been capitalized as a capital asset in the amount of \$1,648,357 for construction in progress as of June 30, 2020. The principal amount still owed on the lease is \$1,425,000. As part of the agreement, Huntington National Bank, a division of Huntington Public Capital Corporation, as lessor, provided \$1,648,357 for the construction of the upgrade installations. Amounts are paid to contractors by the fiscal agent at the direction of the School District as the project progresses. As of June 30, 2020, \$242,171 is held by the fiscal agent, with interest being earned, and will be paid for the energy conservation project.

In fiscal year 2017, the School District entered into a capital lease for school buses. The assets acquired through the capital lease were capitalized at the present value of the minimum lease payments at the time the lease was entered into.

The assets acquired through the capital lease are as follows:

	Governmental Activities
Asset:	
Construction in Progress	\$1,648,357
Equipment	326,093
Vehicles	1,558,741
Less: Accumulated depreciation	(753,934)
Total	\$2,779,257

The lease provides for minimum, annual lease payments as follows:

	Governmental Activities
2021	\$342,744
2022	341,402
2023	319,425
2024	257,304
2025	256,500
2026	255,528
Less: Amount Representing Interest	(149,742)
Present Value of Minimum Lease Payment	\$1,623,161

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 12 – Long-Term Obligations

The original issue date, interest rate, original issue amount and date of maturity of each of the School District’s long-term obligations is as follows:

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<i>Certificates of Participation:</i>			
2015 Refunding Certificates of Participation	4.125% - 5.25%	\$24,445,000	December 1, 2037
<i>General Obligation Bonds:</i>			
2012 Refunding	2.75	3,220,000	October 1, 2022
2013 Refunding	3.00 - 5.00	40,699,552	December 1, 2027
2016 Refunding	4.00	4,220,000	December 1, 2028

The changes in the School District’s long-term obligations during the year consist of the following:

	Principal Outstanding 7/1/19	Additions	Reductions	Principal Outstanding 6/30/20	Amount Due in One Year
<i>Certificates of Participation:</i>					
2015 Refunding Certificates of Participation:					
Serial Certificates	\$12,760,000	\$0	(\$830,000)	\$11,930,000	\$865,000
Term Certificates	10,635,000	0	0	10,635,000	0
Premium	827,596	0	(44,891)	782,705	0
Total Certificates of Participation	24,222,596	0	(874,891)	23,347,705	865,000
<i>General Obligation Bonds:</i>					
2012 Refunding Bonds:					
Term Bonds	1,295,000	0	(310,000)	985,000	315,000
2013 Refunding Bonds:					
Serial Bonds	14,095,000	0	(2,900,000)	11,195,000	1,390,000
Term Bonds	15,080,000	0	0	15,080,000	0
Capital Appreciation Bonds	134,552	0	0	134,552	134,552
Accretion on Capital Appreciation Bonds	914,937	399,918	0	1,314,855	1,314,855
Premium	2,937,535	0	(349,014)	2,588,521	0
2016 Refunding Bonds:					
Serial Bonds	4,220,000	0	0	4,220,000	0
Premium	301,603	0	0	301,603	0
Total General Obligation Bonds	38,978,627	399,918	(3,559,014)	35,819,531	3,154,407
<i>Other Long-Term Obligations:</i>					
Net Pension Liability:					
STRS	74,638,495	2,762,609	0	77,401,104	0
SERS	19,544,376	0	(285,618)	19,258,758	0
Total Net Pension Liability	94,182,871	2,762,609	(285,618)	96,659,862	0
Net OPEB Liability:					
SERS	9,563,851	0	(1,264,990)	8,298,861	0
Capital Leases	2,283,454	0	(660,293)	1,623,161	290,278
Compensated Absences	9,861,988	4,555,766	(350,254)	14,067,500	228,756
Total Other Long-Term Obligations	115,892,164	7,318,375	(2,561,155)	120,649,384	519,034
Total Governmental Activities Long-Term Liabilities	\$179,093,387	\$7,718,293	(\$6,995,060)	\$179,816,620	\$4,538,441

Medina City School District
Notes to the Basic Financial Statements
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On May 20, 2015, the School District issued \$24,445,000 in Refunding Certificates of Participation (COPS) for the purpose of refunding a portion of the 2008 COPS, which included \$5,470,000 in serial bonds and \$16,935,000 in term bonds. The COPS were issued for a twenty-three year period with final maturity in fiscal year 2038. The COPS will be paid from property taxes from the bond retirement debt service fund. The COPS were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPS have been designated to be “qualified tax exempt obligations” within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to Buckeye Leasing Services, and then subleased back to the School District. The COPS were issued through a series of annual leases with an initial lease term of five years, which includes the right to renew for twenty-three successive one-year terms through fiscal year 2038 subject to annual appropriations. To satisfy the trustee agreements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 4.125-5.25 percent. The School District has the option to purchase the renovations on any lease payment date by paying the amount necessary to defease the indenture.

Optional Redemption The COPS maturing after December 1, 2024 are subject to prior redemption at the option of the Trustee, under the direction of the Board, either in whole or in part, in such order as the Trustee shall determine, under the direction of the Board, on any date on or after December 1, 2024, at 100 percent of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption The term bonds matures on December 1, 2032, 2034, and 2037, are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Issue		
	\$2,775,000	\$2,975,000	\$4,885,000
2031	\$1,365,000	\$0	\$0
2033	0	1,460,000	0
2035	0	0	1,570,000
2036	0	0	1,625,000
Total mandatory sinking fund payment	1,365,000	1,460,000	3,195,000
Amount due at stated maturity	1,410,000	1,515,000	1,690,000
Total	<u>\$2,775,000</u>	<u>\$2,975,000</u>	<u>\$4,885,000</u>
<i>Stated Maturity</i>	12/1/2032	12/1/2034	12/1/2037

The COPS were sold at a premium of \$1,012,326. Net proceeds of \$25,756,864 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various COPS. As a result, \$22,405,000 of these COPS is considered defeased and the liability for the refunded portion of these COPS has been removed from the School District’s financial statements. Accordingly, the trust account assets and liabilities for the defeased bonds are not included on the School District’s financial statements. On June 30, 2020, \$21,015,000 of the defeased bonds are still outstanding.

Medina City School District
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In 2012, the School District issued \$3,220,000 in general obligation bonds for the purpose of retiring the 2007 long-term energy conservation note and the short-term transportation facility note issues, in order to take advantage of lower interest rates. The 2012 refunding bonds are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on October 1 of the years and in the respective principal amounts as follows:

Year	Issue
2020	\$1,295,000
2021	315,000
Total mandatory sinking fund payment	330,000
Amount due at stated maturity	645,000
Total	\$985,000
<i>Stated Maturity</i>	10/1/2022

The bonds are subject to redemption at the option of the School District, either in whole or in part, in such order as the School District shall determine, on any date on or after May 1, 2020, at redemption prices equal to the following percentages of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption:

Redemption Period	Redemption Price
May 1, 2020 through April 30, 2021	100.5%
May 1, 2021 and thereafter	100.0

In 2013, the School District issued \$40,699,552 in general obligation bonds for the purpose of refunding a portion of the 2005 refunding bond issue in order to take advantage of lower interest rates. The bonds were issued for a fifteen year period with a final maturity at December 1, 2027. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District's financial statements. On June 30, 2020, \$28,000,000 of the defeased bonds are still outstanding.

The 2013 refunding bonds are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years and in the respective principal amounts as follows:

Year	Issue
2024	\$15,080,000
2025	\$3,600,000
2026	3,705,000
Total mandatory sinking fund payment	3,825,000
Amount due at stated maturity	11,130,000
Total	\$15,080,000
<i>Stated Maturity</i>	12/1/2027

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

The bonds are subject to redemption at the option of the School District, either in whole or in part, in such order as the School District shall determine, on any date on or after December 1, 2023, at a redemption price equal to 100 percent of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

The general obligation bonds issued included serial, term and capital appreciation (deep discount) bonds in the amounts of \$25,485,000, \$15,080,000 and \$134,552, respectively. During fiscal year 2020, \$2,900,000 of the serial bonds had been retired by the School District. The full amount of the term and capital appreciation bonds remained outstanding at June 30, 2020. The term bonds will be repaid through annual debt service payments during fiscal years 2025 through 2028. The capital appreciation bonds were originally sold at a discount of \$1,520,448, which is being accreted annually until the point of maturity of the capital appreciation bonds, which will be repaid during fiscal year 2021. The final maturity amount of outstanding capital appreciation bonds at June 30, 2020 is \$1,655,000. The accretion recorded for 2020 was \$399,918, for a total outstanding bond liability of \$1,449,407.

In 2016, the School District issued \$4,220,000 in general obligation bonds for the purpose of refunding a portion of the 2005 refunding bond issue in order to take advantage of lower interest rates. The bonds were issued for a twelve year period with a final maturity at December 1, 2028. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District's financial statements. On June 30, 2020, \$4,330,000 of the defeased bonds are still outstanding.

All general obligation bonds will be paid from property taxes in the bond retirement debt service fund. There is no repayment schedule for the net pension/OPEB liabilities; however, employer pension/OPEB contributions are made from the general fund, the food service, auxiliary service, student wellness, title VI-B, title I, and preschool grant special revenue funds, and the rotary internal service fund. For additional information related to the net pension liability and the net OPEB liability, see Notes 23 and 24. The capital leases will be paid from the general fund. The compensated absences liability will be paid from the general fund, the food service, auxiliary service, student wellness, title VI-B, title I, and preschool grant special revenue funds, and the rotary internal service fund.

The School District's overall debt margin was \$107,273,466 with an unvoted debt margin of \$1,499,870 at June 30, 2020. Principal and interest requirements to retire outstanding long-term obligations at June 30, 2020, are as follows:

Fiscal Year	Certificates of Participation			
	Serial		Term	
	Principal	Interest	Principal	Interest
2021	\$865,000	\$871,187	\$0	\$0
2022	895,000	831,513	0	0
2023	945,000	785,513	0	0
2024	990,000	737,137	0	0
2025	1,035,000	686,512	0	0
2026-2030	5,885,000	2,761,389	0	0
2031-2035	1,315,000	410,738	5,750,000	1,143,999
2036-2038	0	0	4,885,000	279,281
Total	\$11,930,000	\$7,083,989	\$10,635,000	\$1,423,280

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Fiscal Year	General Obligation Bonds					
	Serial		Term		Capital Appreciation	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$1,390,000	\$1,215,787	\$315,000	\$22,757	\$134,552	\$1,520,448
2022	3,105,000	1,146,287	330,000	13,887	0	0
2023	3,270,000	991,036	340,000	4,675	0	0
2024	3,430,000	827,536	0	0	0	0
2025	0	168,800	3,600,000	487,237	0	0
2026-2029	4,220,000	590,800	11,480,000	779,019	0	0
Total	\$15,415,000	\$4,940,246	\$16,065,000	\$1,307,575	\$134,552	\$1,520,448

Note 13 – Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Twelve month classified employees and administrators earn ten to thirty days of vacation per year, depending upon length of service. Only five days of vacation can be carried over to the next year by administrators. Accumulated unused vacation time is paid to twelve month classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

All staff earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 315 days for all staff and administrators. Upon retirement, certified staff with at least five years of experience with the School District, receive payment for up to a maximum of eighty days computed according to negotiated agreements. Classified staff with the School District, receive payment for up to a maximum of eighty-five days computed according to negotiated agreements.

Upon termination, administrative employees are eligible to receive payment for one hundred percent of sick leave days accumulated for the first forty days and fifty percent of sick leave days accumulated for the next one hundred and twenty days up to a maximum of one hundred days. An employee receiving such payment must meet the retirement provisions set by STRS Ohio or SERS with a minimum of 5 years of service in the School District or upon disability retirement or death with no minimum years of service to the School District.

Employees may earn up to a maximum of four days of personal leave per year. Personal leave may not be accumulated. Unused personal leave becomes sick leave at the conclusion of the contract year.

Health Insurance Benefits

The School Board and staff share the cost of insurance coverage. Administrators and teachers contribute twenty percent to the total cost to the School Board for family and single coverage as well as paying a co-insurance and deductibles for health, dental, and prescriptions. Classified staff contribute a lower percentage to the cost of the monthly premiums, as well as deductibles and co-insurance, for their insurance coverage as per the following table:

Medina City School District
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For the Fiscal Year Ended June 30, 2020

Effective Date	Employees	Single Contributions	Family Contributions
July 1, 2019	Teachers	\$127.50	\$318.76
July 1, 2019	Support Staff Level 1	90.84	227.12
July 1, 2019	Support Staff Level 2	106.78	266.96
July 1, 2019	Administrators	127.50	318.76

Life Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through commercial life insurance companies.

Note 14 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2020, the School District contracted with several companies for various types of insurance as follows:

Company	Type of Coverage	Coverage Amount
Netherlands Insurance Company	Property	\$247,161,784
	Boiler and Machinery	100,000,000
	Employee Benefits Liability	4,000,000
	Inland Marine	3,767,500
	General Liability	3,015,000
	Employer's Liability	3,000,000
	Sexual Misconduct and Molestation	2,300,000
	School Leaders Professional Liability	2,100,000
	Law Enforcement	2,100,000
	Violent Event Response	2,040,000
	Flood and Earthquake	2,000,000
	Crime	1,150,000
	Business Income and Extra Expense	1,000,000
Data Compromise	235,000	
Liberty Mutual Insurance	Umbrella Policy	10,000,000
	Fleet	3,005,000

Settled claims have not exceeded this commercial coverage in any of the last three years and there have been no significant reductions in insurance coverage from last year.

Insurance Benefits

The School District offers comprehensive major medical and prescription drug benefits for all eligible employees and their dependents through a self insurance internal service fund. The School District is self insured with Medical Mutual and Gallagher Benefit Services serving as an insurance consultant. A specific excess loss coverage (stop-loss) insurance policy covers claims in excess of \$150,000 per employee, per year. The claims liability of \$797,051 reported in the internal service fund at June 30,

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

2020, is based on an estimate provided by the third party administrators and the requirements of Governmental Accounting Standards Board Statement No. 30, which requires a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustments expense and does not include other allocated or unallocated claim adjustment expenses. Management's expectation is the claims liabilities will be paid within one year.

Changes in the fund's claim liability amount in fiscal years 2019 and 2020 were:

	Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2019	\$307,702	\$8,082,063	\$8,003,981	\$385,784
2020	385,784	9,149,281	8,738,014	797,051

Workers' Compensation

On February 1, 2013, the School District was approved for self-insured status by the Bureau of Workers' Compensation and began to administer its own workers' compensation program (the program). The School District has established a workers' compensation internal service fund to account for assets set aside for claim settlements and related liabilities associated with the program. Liabilities of the fund are reported when an employee injury has occurred, it is probable that a claim will be filed under the program, and the amount of the claim can be reasonably estimated. The School District utilizes the services of Sheakley Unicomp, the third party administrator, to review, process, and pay employee claims. The School District also maintains excess insurance coverage which would pay the portion of claims that exceed \$500,000 per occurrence for all employees.

The workers' compensation claims liability at June 30, 2020 was \$43,779. The claims liability reported in the workers' compensation internal service fund at June 30, 2020, is based on the requirements of GASB statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount for fiscal years 2019 and 2020 were as follows:

	Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2019	\$42,133	\$169,717	\$174,808	\$37,042
2020	37,042	108,837	102,100	43,779

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 15 – Contingencies

Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require 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, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2020, if applicable, cannot be determined at this time.

School Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. ODE has finalized the impact of enrollment adjustments to the June 30, 2020 Foundation funding for the School District. These adjustments were insignificant for the School District for fiscal year 2020.

Litigation

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

Note 16 – Jointly Governed Organizations

Northeast Ohio Network for Educational Technology

The Northeast Ohio Network for Educational Technology (NEOnet) is the computer service organization or Data Acquisition Site (DAS) used by the School District. NEOnet is a jointly governed organization among thirty-three school districts, two career centers, thirteen charter schools, twelve religious schools, two cities, and two educational service centers, including the Summit County Educational Service Center. The Summit County Educational Service Center acts as the fiscal agent for the consortium. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The Board of Directors consists of member district superintendents and treasurers. The manager/director is a permanent, non-voting member of the board of directors. Each school district's control is limited to its representation on the board. The Board of Directors exercise total control over the operations of the association including budgeting, appropriating, contracting and designating management. All association revenues are generated from charges for services and State funding. The School District does not retain an ongoing financial interest or an ongoing financial responsibility in NEOnet. Payments to NEOnet are made from the general fund. In fiscal year 2020, the School District paid \$159,822 to NEOnet. Financial information can be obtained by writing to the Summit County Educational Service Center, 700 Graham Road, Cuyahoga Falls, Ohio 44221.

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For the Fiscal Year Ended June 30, 2020

Medina County Career Center

The Medina County Career Center (Center) is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each participating School District's elected board, which possesses its own budgeting and taxing authority. The Center's Board exercises total control over the operations of the organization including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Board. Accordingly, the Center is not part of the School District and its operations are not included as part of the reporting entity. The Center offers vocational education for several school districts including Medina City School District. During fiscal year 2020, \$1,323 was paid for services by the Medina City School District to the Center. Financial information can be obtained by contacting the Treasurer, Aaron Butts, at the Medina County Career Center, 1101 West Liberty Street, Medina, Ohio 44256.

Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among 254 members. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Council's Board exercises total control over the operations of the organization including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Board. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2020, the School District paid \$12,971 to the Council. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

The School District participates in the Council's natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Constellation New Energy has been selected as the supplier and program manager through 2022. There are currently 161 participants in the program, including the Medina City School District. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

Note 17 – Recreation Center Joint Operating Agreement

On July 9, 2002 the School District entered into a joint operating agreement and lease agreement with the City of Medina for the Medina Recreation Center (the Recreation Center).

Under the terms of these agreements, the Recreation Center will be owned by the School District and the City will be granted a leasehold interest in the Recreation Center for a term commencing on the date the facilities are opened for public use and expiring on June 30, 2052, with an option to renew for an indefinite number of additional five year terms.

Medina City School District
Notes to the Basic Financial Statements
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In addition to the initial rent payment, the City is also required to pay annual rent of \$1 each year, and 47.5 percent of the Recreation Center’s operating expenses which will be initially paid by the School District and invoiced to the City on a monthly basis. The City and the School District will also each be required to contribute \$100,000 a year, for the term of the lease, to separate capital improvement funds which may be spent for upkeep of the facilities through mutual agreement of both parties upon the recommendation of an Advisory Committee; however, no contributions to the capital improvement funds are required by either party for the first two years of operations and contributions of only 30 percent, 60 percent, and 90 percent are required for the third, fourth and fifth years, respectively.

The Recreation Center’s Advisory Committee will consist of eight members, two of which will be appointed by the School District and two by the City and four by election by appointed officials. The Advisory Committee members may serve for an unlimited number of three year terms, and will be responsible for advising the City and School District regarding scheduling, operating expenses and day-to-day operations of the Recreation Center, as well as use of the Capital Improvement Funds.

The Recreation Center is accounted for as an undivided interest for the School District. The School District and the City each report 50 percent of the completed building and each reports their respective shares of the operating costs.

Note 18 – Set-Asides

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

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

	Capital Improvement
Set-aside Balances as of June 30, 2019	\$0
Current Year Set-aside Requirement	1,216,321
Offsets	(150,000)
Qualifying Disbursements	(1,332,777)
Totals	(\$266,456)
Set-aside Balance Carried Forward to Future Fiscal Years	\$0
Set-aside Balance as of June 30, 2020	\$0

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 19 – Donor Restricted Endowments

The School District’s scholarship endowment fund includes donor restricted endowments. The net position-non-expendable amounts of \$589,767 represent the principal portion of the endowments. The net position-expendable amount of \$47,700 represents the interest earnings on donor-restricted investments and is available for expenditure by the governing board, for purposes consistent with the endowment’s intent. State law permits the governing board to appropriate, for purposes consistent with the endowment’s intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise.

Note 20 – Interfund Transactions

Interfund Balances

As of June 30, 2020, the general fund had a \$652,001 interfund receivable and the following funds had the corresponding interfund payables:

Interfund Payable	Interfund Receivable
	General
<i>Special Revenue Funds:</i>	
Food Service	\$459,540
Title VI-B	93,675
Limited English Proficiency	9,119
Title I	33,930
Preschool Grant	2,700
Reducing Class Size	43,532
Miscellaneous Federal Grants	9,505
Total	\$652,001

The interfund receivable and payables are due to the general fund moving unrestricted balances to support programs accounted for in other funds.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Interfund Transfers

The School District had the following transfers during fiscal year 2020:

Transfers To	Transfers From		Total
	General	Other Governmental Funds	
Governmental Funds:			
Bond Retirement	\$341,350	\$1,736,008	\$2,077,358
Other Governmental Funds	100,911	50,000	150,911
	442,261	1,786,008	2,228,269
Enterprise Fund:			
STAR	7,034	0	7,034
Total	\$449,295	\$1,786,008	\$2,235,303

Transfers from the general fund of \$341,350, \$100,911 and \$7,034 to the bond retirement, other governmental funds, and STAR enterprise fund were to pay a portion of outstanding debt, to help pay for extracurricular activities and permanent improvements projects, and to pay for STAR school supplies, respectively. The transfers from other governmental funds to the bond retirement fund were to pay a portion of outstanding debt. The transfer from other governmental funds to other governmental funds was to help pay for permanent improvement projects.

Note 21 – Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General	\$1,335,321
Other Governmental Funds	1,294,491
Transportation Enterprise Fund	6,328
Internal Service Funds	1,193
Total	\$2,637,333

Note 22 – 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 government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

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Fund Balances	General	Bond Retirement	Other Governmental Funds	Total
<u>Nonspendable:</u>				
Unclaimed Monies	\$42,884	\$0	\$0	\$42,884
Materials and Supplies Inventory	46,248	0	13,276	59,524
Total Restricted	89,132	0	13,276	102,408
<u>Restricted for:</u>				
Capital Projects	0	0	4,643,304	4,643,304
Debt Service	0	3,899,753	0	3,899,753
Student Activities	0	0	436,533	436,533
Athletics and Music	0	0	274,998	274,998
Auxiliary Services	0	0	152,856	152,856
Student Wellness and Success	0	0	173,660	173,660
Local Grants	0	0	5,641	5,641
State Grants	0	0	59,190	59,190
Federal Grants	0	0	4,512	4,512
Total Restricted	0	3,899,753	5,750,694	9,650,447
<u>Assigned to:</u>				
Purchases on Order	951,147	0	0	951,147
Public School Support	882,177	0	0	882,177
Total Assigned	1,833,324	0	0	1,833,324
Unassigned (Deficit)	53,160,641	0	(875,180)	52,285,461
Total Fund Balances	\$55,083,097	\$3,899,753	\$4,888,790	\$63,871,640

Note 23 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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The net pension/OPEB liabilities (asset) represent the School District's proportionate share of each pension/OPEB plans' collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plans' fiduciary net position. The net pension/OPEB liabilities (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 both assume the liabilities are 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 liabilities (asset). Resulting adjustments to the net pension/OPEB liabilities (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liabilities* 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 24 for the required OPEB disclosures.

Plan Description – State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past

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cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

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

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

The School District's contractually required contribution to STRS was \$6,065,670 for fiscal year 2020. Of this amount \$820,521 is reported as an intergovernmental payable.

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Plan Description – School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2020, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$1,583,504 for fiscal year 2020. Of this amount \$194,607 is reported as an intergovernmental payable.

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

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

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Prior Measurement Date	0.33945483%	0.34125620%	
Current Measurement Date	<u>0.35000320%</u>	<u>0.32188189%</u>	
Change in Proportionate Share	<u>0.01054837%</u>	<u>-0.01937431%</u>	
Proportionate Share of the Net Pension Liability	\$77,401,104	\$19,258,758	\$96,659,862
Pension Expense	\$12,733,066	\$2,887,007	\$15,620,073

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

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$630,174	\$488,360	\$1,118,534
Changes of assumptions	9,092,254	0	9,092,254
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	3,075,539	117,686	3,193,225
School District contributions subsequent to the measurement date	<u>6,065,670</u>	<u>1,583,504</u>	<u>7,649,174</u>
Total Deferred Outflows of Resources	<u>\$18,863,637</u>	<u>\$2,189,550</u>	<u>\$21,053,187</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$335,054	\$0	\$335,054
Net difference between projected and actual earnings on pension plan investments	3,782,946	247,209	4,030,155
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>867,311</u>	<u>628,534</u>	<u>1,495,845</u>
Total Deferred Inflows of Resources	<u>\$4,985,311</u>	<u>\$875,743</u>	<u>\$5,861,054</u>

\$7,649,174 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
2021	\$5,832,481	\$239,769	\$6,072,250
2022	1,603,876	(633,215)	970,661
2023	(455,593)	(16,450)	(472,043)
2024	<u>831,892</u>	<u>140,199</u>	<u>972,091</u>
Total	<u>\$7,812,656</u>	<u>(\$269,697)</u>	<u>\$7,542,959</u>

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Actuarial Assumptions – STRS

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

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

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

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

* Target weights will be phased in over a 24-month period concluding on July1, 2019.

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

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Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019; therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

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	\$113,113,091	\$77,401,104	\$47,169,078

Actuarial Assumptions – SERS

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

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

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

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

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

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

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

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$26,988,405	\$19,258,758	\$12,776,481

Note 24 – Defined Benefit OPEB Plans

See Note 23 for a description of the net OPEB liability (asset).

Plan Description – State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

Plan Description – School Employees Retirement System (SERS)

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

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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 2020, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

For fiscal year 2020, the School District's surcharge obligation was \$176,576.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$176,576 for fiscal year 2020, which is reported as an intergovernmental payable.

OPEB Liabilities (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, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	STRS	SERS	Total
Proportion of the Net OPEB Liability (Asset):			
Prior Measurement Date	0.33945483%	0.34473390%	
Current Measurement Date	0.35000320%	0.33000220%	
Change in Proportionate Share	0.01054837%	-0.01473170%	
Proportionate Share of the:			
Net OPEB Liability	\$0	\$8,298,861	\$8,298,861
Net OPEB (Asset)	\$5,796,893	\$0	\$5,796,893
OPEB Expense	(\$1,736,014)	\$231,558	(\$1,504,456)

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

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$525,530	\$121,820	\$647,350
Changes of assumptions	121,850	606,137	727,987
Net difference between projected and actual earnings on OPEB plan investments	0	19,920	19,920
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	394,380	37,971	432,351
School District contributions subsequent to the measurement date	<u>0</u>	<u>176,576</u>	<u>176,576</u>
Total Deferred Outflows of Resources	<u>\$1,041,760</u>	<u>\$962,424</u>	<u>\$2,004,184</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$294,923	\$1,823,203	\$2,118,126
Changes of assumptions	6,355,614	465,043	6,820,657
Net difference between projected and actual earnings on OPEB plan investments	364,087	0	364,087
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>236,976</u>	<u>382,389</u>	<u>619,365</u>
Total Deferred Inflows of Resources	<u>\$7,251,600</u>	<u>\$2,670,635</u>	<u>\$9,922,235</u>

\$176,576 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2021	(\$1,345,001)	(\$519,959)	(\$1,864,960)
2022	(1,345,004)	(311,533)	(1,656,537)
2023	(1,199,084)	(305,686)	(1,504,770)
2024	(1,147,891)	(306,637)	(1,454,528)
2025	(1,199,663)	(300,873)	(1,500,536)
Thereafter	<u>26,803</u>	<u>(140,099)</u>	<u>(113,296)</u>
Total	<u>(\$6,209,840)</u>	<u>(\$1,884,787)</u>	<u>(\$8,094,627)</u>

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Actuarial Assumptions – STRS

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

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

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

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan (see Note 23).

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019; therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2019.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	(\$4,946,494)	(\$5,796,893)	(\$6,511,880)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$6,573,410)	(\$5,796,893)	(\$4,845,847)

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.

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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

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

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

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

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan (see Note 23).

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

Medina City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
School District's proportionate share of the net OPEB liability	\$10,073,244	\$8,298,861	\$6,888,020
	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	\$6,649,069	\$8,298,861	\$10,487,736

Note 25 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the School District. The School District's investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District's future operating costs, revenues, and any recovery from emergency funding, either Federal or State, cannot be estimated.

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

	2020	2019	2018	2017
School District's Proportion of the Net Pension Liability	0.35000320%	0.33945483%	0.34743485%	0.33651839%
School District's Proportionate Share of the Net Pension Liability	\$77,401,104	\$74,638,495	\$82,533,893	\$112,642,849
School District's Covered Payroll	\$41,518,557	\$39,906,914	\$37,296,379	\$35,299,079
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	186.43%	187.03%	221.29%	319.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.30%	75.30%	66.80%

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

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

See accompanying notes to the Required Supplementary Information

2016	2015	2014
0.32962857%	0.31858130%	0.31858130%
\$91,099,696	\$77,489,998	\$92,305,578
\$34,801,186	\$32,545,515	\$35,417,154
261.77%	238.10%	260.62%
72.10%	74.70%	69.30%

Medina City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Asset/Liability
State Teachers Retirement System of Ohio
*Last Four Fiscal Years (1) **

	2020	2019	2018	2017
School District's Proportion of the Net OPEB Asset/Liability	0.35000320%	0.33945483%	0.34743485%	0.33651839%
School District's Proportionate Share of the:				
Net OPEB Asset	\$5,796,893	\$5,454,693	\$0	\$0
Net OPEB Liability	\$0	\$0	\$13,555,625	\$17,997,091
School District's Covered Payroll	\$41,518,557	\$39,906,914	\$37,296,379	\$35,299,079
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-13.96%	-13.67%	36.35%	50.98%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	176.00%	47.10%	37.30%

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

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

See accompanying notes to the Required Supplementary Information

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Medina City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Seven Fiscal Years (1) **

	2020	2019	2018	2017
School District's Proportion of the Net Pension Liability	0.32188189%	0.34125620%	0.33558830%	0.33094710%
School District's Proportionate Share of the Net Pension Liability	\$19,258,758	\$19,544,376	\$20,050,660	\$24,222,274
School District's Covered Payroll	\$11,109,622	\$11,527,904	\$10,049,029	\$10,241,000
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	173.35%	169.54%	199.53%	236.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%	62.98%

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

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

See accompanying notes to the Required Supplementary Information

2016	2015	2014
0.32364560%	0.31001500%	0.31001500%
\$18,467,531	\$15,689,682	\$18,435,597
\$9,926,164	\$9,019,954	\$8,613,473
186.05%	173.94%	214.03%
69.16%	71.70%	65.52%

Medina City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
*Last Four Fiscal Years (1) **

	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.33000220%	0.34473390%	0.34042430%	0.33515820%
School District's Proportionate Share of the Net OPEB Liability	\$8,298,861	\$9,563,851	\$9,136,094	\$9,553,249
School District's Covered Payroll	\$11,109,622	\$11,527,904	\$10,049,029	\$10,241,000
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	74.70%	82.96%	90.92%	93.28%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%

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

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

See accompanying notes to the Required Supplementary Information

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Medina City School District
Required Supplementary Information
Schedule of School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net Pension Liability:				
Contractually Required Contribution	\$6,065,670	\$5,812,598	\$5,586,968	\$5,221,493
Contributions in Relation to the Contractually Required Contribution	<u>(6,065,670)</u>	<u>(5,812,598)</u>	<u>(5,586,968)</u>	<u>(5,221,493)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$43,326,214	\$41,518,557	\$39,906,914	\$37,296,379
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability:				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

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

See accompanying notes to the Required Supplementary Information

2016	2015	2014	2013	2012	2011
\$4,941,871	\$4,872,166	\$4,230,917	\$4,604,230	\$4,614,434	\$4,592,028
(4,941,871)	(4,872,166)	(4,230,917)	(4,604,230)	(4,614,434)	(4,592,028)
\$0	\$0	\$0	\$0	\$0	\$0
\$35,299,079	\$34,801,186	\$32,545,515	\$35,417,154	\$35,495,646	\$35,323,292
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%
\$0	\$0	\$325,455	\$354,172	\$354,956	\$353,233
0	0	(325,455)	(354,172)	(354,956)	(353,233)
\$0	\$0	\$0	\$0	\$0	\$0
0.00%	0.00%	1.00%	1.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Medina City School District
Required Supplementary Information
Schedule of School District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2020	2019	2018	2017
Net Pension Liability:				
Contractually Required Contribution	\$1,583,504	\$1,499,799	\$1,556,267	\$1,406,864
Contributions in Relation to the Contractually Required Contribution	<u>(1,583,504)</u>	<u>(1,499,799)</u>	<u>(1,556,267)</u>	<u>(1,406,864)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$11,310,743	\$11,109,622	\$11,527,904	\$10,049,029
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>
Net OPEB Liability:				
Contractually Required Contribution (2)	\$176,576	\$257,611	\$237,349	\$184,983
Contributions in Relation to the Contractually Required Contribution	<u>(176,576)</u>	<u>(257,611)</u>	<u>(237,349)</u>	<u>(184,983)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.56%</u>	<u>2.32%</u>	<u>2.06%</u>	<u>1.84%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.56%</u>	<u>15.82%</u>	<u>15.56%</u>	<u>15.84%</u>

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

(2) Includes Surcharge

See accompanying notes to the Required Supplementary Information

2016	2015	2014	2013	2012	2011
\$1,433,740	\$1,308,268	\$1,250,166	\$1,192,105	\$1,180,570	\$1,115,769
<u>(1,433,740)</u>	<u>(1,308,268)</u>	<u>(1,250,166)</u>	<u>(1,192,105)</u>	<u>(1,180,570)</u>	<u>(1,115,769)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$10,241,000	\$9,926,164	\$9,019,954	\$8,613,473	\$8,777,472	\$8,876,444
<u>14.00%</u>	<u>13.18%</u>	<u>13.86%</u>	<u>13.84%</u>	<u>13.45%</u>	<u>12.57%</u>
\$168,646	\$250,703	\$165,548	\$147,940	\$184,165	\$280,606
<u>(168,646)</u>	<u>(250,703)</u>	<u>(165,548)</u>	<u>(147,940)</u>	<u>(184,165)</u>	<u>(280,606)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.65%</u>	<u>2.53%</u>	<u>1.84%</u>	<u>1.72%</u>	<u>2.10%</u>	<u>3.16%</u>
<u>15.65%</u>	<u>15.71%</u>	<u>15.70%</u>	<u>15.56%</u>	<u>15.55%</u>	<u>15.73%</u>

Medina City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

Net Pension Liability

Changes in Assumptions – STRS

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

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

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

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

Changes in Assumptions – SERS

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

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

Medina City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

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

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

Net OPEB Liability (Asset)

Changes in Assumptions – STRS

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

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

Changes in Benefit Terms – STRS

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

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

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

Medina City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:

Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense,
including price inflation:

Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

MEDINA CITY SCHOOL DISTRICT
MEDINA COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF EDUCATION			
<i>Passed through the Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education - Grants to States	84.027	\$ 272,672 1,195,728	\$ 203,082 1,253,081
Total Special Education Grants to States		<u>1,468,400</u>	<u>1,456,163</u>
Special Education - Preschool Grants	84.173	5,250 39,172 1,331	3,010 41,187 1,331
Total Special Education Preschool Grants		<u>45,753</u>	<u>45,528</u>
Total Special Education Cluster		<u>1,514,153</u>	<u>1,501,691</u>
Title I Grants to Local Educational Agencies	84.010	111,350 447,221 25,402 19,666	86,422 472,151 20,470 22,353
Total - Title I Grants to States		<u>603,639</u>	<u>601,396</u>
<i>Passed through the Educational Service Center of Northeast Ohio</i>			
English Language Acquisition State Grants	84.365	8,421	3,963
<i>Passed through the Ohio Department of Education:</i>			
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	35,072 71,307	31,561 74,907
Total Supporting Effective Instruction State Grants		<u>106,379</u>	<u>106,468</u>
Student Support and Academic Enrichment Program	84.424	10,277 14,673	9,013 15,338
Total Student Support and Academic Enrichment Program		<u>24,950</u>	<u>24,351</u>
Total U.S. Department of Education		<u>2,257,542</u>	<u>2,237,869</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed through the Ohio Department of Education:</i>			
Nutrition Cluster:			
School Breakfast Program	10.553	85,092	85,092
COVID-19 - School Breakfast Program		5,696	5,696
Total National School Breakfast Program		<u>90,788</u>	<u>90,788</u>
National School Lunch Program	10.555	499,147	499,147
COVID-19 - National School Lunch Program		33,406	33,406
Non-cash Contributions		181,773	181,773
Total National School Lunch Program		<u>714,326</u>	<u>714,326</u>
Summer Food Service Program for Children	10.559	8,296	8,296
COVID-19 - Summer Food Service Program for Children		80,844	80,844
Total Summer Food Service Program for Children		<u>89,140</u>	<u>89,140</u>
Total Nutrition Cluster		<u>894,254</u>	<u>894,254</u>
Total U.S. Department of Agriculture		<u>894,254</u>	<u>894,254</u>
Totals		<u>\$3,151,796</u>	<u>\$3,132,123</u>

The accompanying notes to this schedule are an integral part of this schedule.

**MEDINA CITY SCHOOL DISTRICT
MEDINA COUNTY**

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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



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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**

Medina City School District
Medina County
739 Weymouth Road
Medina, Ohio 44256

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 business-type activities, each major fund, and the aggregate remaining fund information of Medina City School District, Medina County, Ohio (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated June 14, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2020-001 to be a significant deficiency.

Compliance and Other Matters

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

District's Response to Finding

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

June 14, 2021



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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**

Medina City School District
Medina County
739 Weymouth Road
Medina, Ohio 44256

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the 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 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 District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

June 14, 2021

**MEDINA CITY SCHOOL DISTRICT
MEDINA COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(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 Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster, CFDA 10.555, 10.553, and 10.559
(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**

FINDING 2020-001

Significant Deficiency – Bank Reconciliations

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Assistant Treasurer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Treasurer and Board are responsible for reviewing the reconciliations and related support.

Monthly bank to book reconciliations were prepared each month during fiscal year 2020. However, the District had an unreconciled net variance of \$4,366 as of June 30, 2020.

Failure to reconcile monthly increases the possibility the District will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations including support for adjustments increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Assistant Treasurer should ensure all transactions are recorded and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be timely investigated, documented and corrected. In addition, the Treasurer and Board should review the monthly cash reconciliations including the related support (such as reconciling items).

Officials' Response: The Medina City School District acknowledges the finding and is working to correct it.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



MEDINA CITY SCHOOL DISTRICT

MEDINA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/24/2021

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