



OHIO AUDITOR OF STATE
KEITH FABER



**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY
JUNE 30, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Lincolnview Local School District
Van Wert County
15945 Middle Point Road
Van Wert, Ohio 45891

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

The schedule is management's responsibility, and derive from and relate 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 April 11, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters.

That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

April 11, 2022

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**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

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

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- In total, net position of governmental activities increased \$643,139 which represents a 2.68% increase from June 30, 2020's net position.
- General revenues accounted for \$10,948,527 in revenue or 75.08% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$3,633,063 or 24.92% of total revenues of \$14,581,590.
- The District had \$13,938,451 in expenses related to governmental activities; \$3,633,063 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$10,948,527 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and the bond retirement fund. The general fund had \$11,872,158 in revenues and other financing sources, and \$10,713,186 in expenditures. During fiscal year 2021, the general fund's fund balance increased \$1,158,972 from a balance of \$13,137,348 to \$14,296,320.
- The bond retirement fund had \$1,199,253 in revenues and \$1,046,310 in expenditures. During fiscal year 2021, the bond retirement fund's fund balance increased \$152,943 from a balance of \$667,984 to \$820,927.

Using the Basic Financial Statements

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 12. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the bond retirement fund.

Governmental Funds

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

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in custodial funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 24 and 25. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-64 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability/asset. The required supplementary information can be found on pages 65-81 of this report.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

The District as a Whole

The table below provides a summary of the District's net position at June 30, 2021 and June 30, 2020.

	Net Position	
	Governmental Activities	Governmental Activities
	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Current and other assets	\$ 23,886,619	\$ 22,769,473
Capital assets, net	<u>22,759,599</u>	<u>23,582,719</u>
Total assets	<u>46,646,218</u>	<u>46,352,192</u>
<u>Deferred outflows</u>	<u>2,638,449</u>	<u>2,575,505</u>
<u>Liabilities</u>		
Current liabilities	972,739	1,002,434
Long-term liabilities	<u>17,963,167</u>	<u>17,832,065</u>
Total liabilities	<u>18,935,906</u>	<u>18,834,499</u>
<u>Deferred inflows</u>	<u>5,738,392</u>	<u>6,125,968</u>
<u>Net Position</u>		
Net investment in capital assets	17,348,735	17,299,665
Restricted	3,262,375	3,119,766
Unrestricted	<u>3,999,259</u>	<u>3,547,799</u>
Total net position	<u>\$ 24,610,369</u>	<u>\$ 23,967,230</u>

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

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

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the District's assets and deferred outflows exceeded liabilities and deferred inflows by \$24,610,369. Of this total, \$3,262,375 is restricted in use.

Deferred outflows related to pension increased primarily due to changes in assumptions by the State Teachers Retirement System (STRS). See Note 14 for more detail.

Total assets include a net OPEB asset reported by STRS. See Note 15 for more detail.

At year-end, capital assets represented 48.86% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. The District's net investment in capital assets at June 30, 2021, was \$17,348,735. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

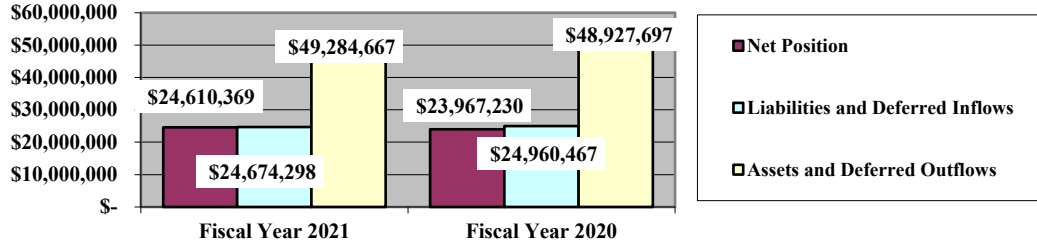
Long-term liabilities increased primarily due to an increase in net pension liability.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

The graph below shows the changes in net position at June 30, 2021 and June 30, 2020.

Governmental Activities



The table on the following page shows the changes in net position for fiscal years 2021 and 2020.

	Change in Net Position	
	Governmental Activities 2021	Governmental Activities 2020
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 2,312,173	\$ 2,497,168
Operating grants and contributions	1,295,838	1,496,927
Capital grants and contributions	25,052	53,325
General revenues:		
Property taxes	5,668,400	3,354,289
Payment in lieu of taxes	420,030	419,378
Grants and entitlements	4,597,865	4,446,039
Investment earnings	64,059	302,949
Other	198,173	108,134
Total revenues	<u>14,581,590</u>	<u>12,678,209</u>

- Continued

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

	Change in Net Position - (Continued)	
	Governmental	Governmental
	Activities	Activities
	<u>2021</u>	<u>2020</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 5,412,024	\$ 5,156,301
Special	2,344,529	2,211,201
Vocational	97,974	90,479
Adult education	465	723
Other	785,371	777,177
Support services:		
Pupil	323,402	297,126
Instructional staff	311,584	301,858
Board of education	58,105	54,555
Administration	1,128,432	1,147,631
Fiscal	392,518	396,972
Operations and maintenance	1,315,962	927,982
Pupil transportation	630,850	557,678
Central	15,948	15,082
Operations of non-instructional services:		
Food service operations	440,742	374,797
Other non-instructional services	37,380	34,914
Extracurricular activities	480,083	476,554
Interest and fiscal charges	<u>163,082</u>	<u>179,536</u>
Total expenses	<u>13,938,451</u>	<u>13,000,566</u>
Change in net position	643,139	(322,357)
Net position at beginning of year (restated)	<u>23,967,230</u>	<u>24,289,587</u>
Net position at end of year	<u>\$ 24,610,369</u>	<u>\$ 23,967,230</u>

Governmental Activities

Net position of the District's governmental activities increased \$643,139. Total governmental expenses of \$13,938,451 were offset by program revenues of \$3,633,063 and general revenues of \$10,948,527. Program revenues supported 26.07% of the total governmental expenses.

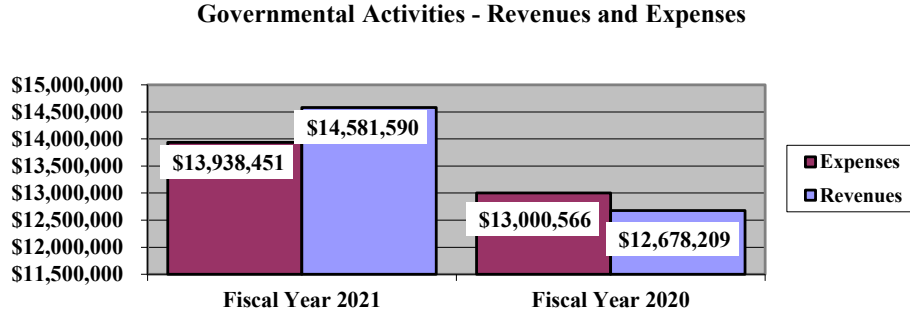
Revenues of the District increased \$1,903,381 or 15.01%. The most significant increase was in the area of property taxes which increased \$2,314,111. This increase is due to the amount of property taxes available for advance at year-end which is recorded a revenue and the addition of public utility property taxes from AEP. The District recognized a half year of collections from AEP during fiscal year 2021 and will receive a full year in fiscal year 2022.

Expenses of the District increased \$937,885 or 7.21%. This increase is primarily due to an increase in wages and benefits paid to employees.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

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



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

Governmental Activities

	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>
Program expenses				
Instruction:				
Regular	\$ 5,412,024	\$ 3,098,952	\$ 5,156,301	\$ 3,009,469
Special	2,344,529	1,888,489	2,211,201	1,726,724
Vocational	97,974	82,518	90,479	75,023
Adult education	465	465	723	723
Other	785,371	778,728	777,177	777,177
Support services:				
Pupil	323,402	307,207	297,126	198,879
Instructional staff	311,584	271,360	301,858	273,690
Board of education	58,105	58,105	54,555	54,555
Administration	1,128,432	1,097,896	1,147,631	1,144,696
Fiscal	392,518	392,061	396,972	396,972
Operations and maintenance	1,315,962	1,195,382	927,982	886,209
Pupil transportation	630,850	593,889	557,678	545,258
Central	15,948	15,948	15,082	15,082
Operations of non-instructional services:				
Food service operations	440,742	22,910	374,797	(19,623)
Other non-instructional services	37,380	3,181	34,914	(3,167)
Extracurricular activities	480,083	335,215	476,554	(308,057)
Interest and fiscal charges	163,082	163,082	179,536	179,536
Total expenses	<u>\$ 13,938,451</u>	<u>\$ 10,305,388</u>	<u>\$ 13,000,566</u>	<u>\$ 8,953,146</u>

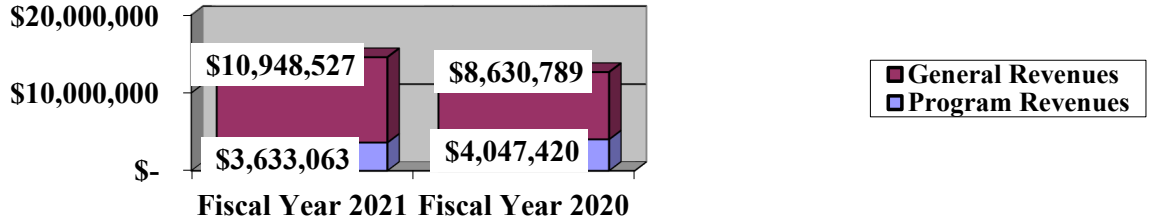
The dependence upon tax and other general revenues for governmental activities is apparent. For all governmental activities, general revenue support is 73.93%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are by far the primary support for District's students.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

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

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$17,555,849 which is greater than last year's total fund balance of \$16,257,764. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2021 and 2020.

	Fund Balance <u>June 30, 2021</u>	Fund Balance <u>June 30, 2020</u>	<u>Change</u>	<u>Percentage Change</u>
General	\$ 14,296,320	\$ 13,137,348	\$ 1,158,972	8.82 %
Bond Retirement	820,927	667,984	152,943	22.90 %
Other Governmental	<u>2,438,602</u>	<u>2,452,432</u>	<u>(13,830)</u>	(0.56) %
Total	<u>\$ 17,555,849</u>	<u>\$ 16,257,764</u>	<u>\$ 1,298,085</u>	7.98 %

General Fund

The District's general fund balance increased \$1,158,972.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

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

	<u>2021</u> <u>Amount</u>	<u>2020</u> <u>Amount</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Property taxes	\$ 4,316,344	\$ 2,483,576	\$ 1,832,768	73.80 %
Earnings on investments	96,157	313,816	(217,659)	(69.36) %
Intergovernmental	4,642,721	4,485,193	157,528	3.51 %
Tuition and fees	2,196,672	2,041,688	154,984	7.59 %
Other revenues	<u>618,733</u>	<u>577,588</u>	<u>41,145</u>	7.12 %
Total	<u>\$ 11,870,627</u>	<u>\$ 9,901,861</u>	<u>\$ 1,968,766</u>	19.88 %
<u>Expenditures</u>				
Instruction	\$ 7,338,850	\$ 7,002,325	\$ 336,525	4.81 %
Support services	3,166,142	3,148,703	17,439	0.55 %
Extracurricular activities	184,590	187,786	(3,196)	(1.70) %
Capital outlay	-	10,811	(10,811)	(100.00) %
Debt service	<u>19,004</u>	<u>18,060</u>	<u>944</u>	5.23 %
Total	<u>\$ 10,708,586</u>	<u>\$ 10,367,685</u>	<u>\$ 340,901</u>	3.29 %

The general fund revenues increased \$1,968,766 or 19.88%. This increase was primarily the result of increases in property taxes and intergovernmental. Property taxes increased due to an increase in advances available from the County Auditor. Intergovernmental increased due to an increase in State foundation revenues. Earnings on investments decreased due to a decrease in interest rates earned on investments.

Expenditures of the general fund increased \$340,901 or 3.29%. This increase is the result of an increase in salaries and benefits paid to instruction employees compared to the previous fiscal year.

Bond Retirement Fund

The bond retirement fund had \$1,199,253 in revenues and \$1,046,310 in expenditures. During fiscal year 2021, the bond retirement fund's fund balance increased \$152,943 from a balance of \$667,984 to \$820,927.

General Fund Budgeting Highlights

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

For the general fund, original budgeted revenues and other financing sources were \$10,562,215. Actual revenues and other financing sources for fiscal 2021 was \$11,314,290. This represents a \$752,075 increase from final budgeted revenues of \$10,562,215.

General fund original appropriations (appropriated expenditures including other financing uses) and final appropriations (appropriated expenditures including other financing uses) were \$11,070,900. The actual budget basis expenditures and other financing uses for fiscal year 2021 totaled \$10,702,438, which was \$368,462 less than the final budget appropriations of \$11,070,900.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2021, the District had \$22,759,599 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2021 balances compared to June 30, 2020:

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2021	2020
Land	\$ 130,323	\$ 130,323
Land improvements	885,325	990,644
Building and improvements	20,424,924	20,993,131
Furniture, fixtures and equipment	878,923	1,027,985
Vehicles	440,104	440,636
Total	\$ 22,759,599	\$ 23,582,719

The District had \$93,631 in additions, \$916,751 in current year depreciation and \$0 in disposals, net of accumulated depreciation.

See Note 9 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2021, the District had \$5,360,966 in general obligation bonds and capital lease obligations outstanding. Of this total, \$897,094 is due within one year and \$4,463,872 is due in greater than one year.

The following table summarizes the bonds outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
	General obligation bonds	\$ 5,315,000
Capital lease obligation	45,966	62,228
Total	\$ 5,360,966	\$ 6,227,228

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

Current Financial Related Activities

The District is holding its own in a State with declining economy and uncertainty in State funding. Lincolnview is a small rural local school district encompassing 145 square miles in Northwest Ohio. It has a limited number of small and medium businesses with agriculture having a large influence on the economy.

For fiscal year 2021, the District is operating in the second year of a biennium budget. Per ODE fiscal year 2020 information (most current information available from ODE), approximately 52% of the District's receipt source is from local funds, 42% is from State funds and the remaining 6% is from Federal funds. The total disbursement per pupil was calculated at \$10,119.

Over the past several years, the District has remained in good financial position. Since fiscal year 1997, The District has operated at a surplus for operating purposes meaning that revenues have exceeded expenditures each year since 1997. However, future finances are not without challenges as State funding is revised. Some of these challenges are in the areas of State funding for schools in the light of the DeRolph court case and the long term effects of public utility deregulation, as well as the reduction of personal property for business inventory.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Troy Bowersock, Treasurer, Lincolnview Local School District, 15945 Middle Point Road, Van Wert, Ohio 45891.

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**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 17,371,266
Receivables:	
Property taxes	5,256,342
Payment in lieu of taxes	420,030
Accounts	2,514
Accrued interest	9,138
Intergovernmental	136,601
Prepayments	23,534
Materials and supplies inventory	2,977
Inventory held for resale	5,517
Net OPEB asset	658,700
Capital assets:	
Nondepreciable capital assets	130,323
Depreciable capital assets, net	22,629,276
Capital assets, net	22,759,599
Total assets	46,646,218
 Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	165,335
Pension	2,135,640
OPEB	337,474
Total deferred outflows of resources	2,638,449
 Liabilities:	
Accounts payable	12,198
Accrued wages and benefits payable	756,509
Intergovernmental payable	30,132
Pension and postemployment benefits payable	160,634
Accrued interest payable	13,266
Long-term liabilities:	
Due within one year	963,840
Due in more than one year:	
Net pension liability	11,244,734
Net OPEB liability	742,352
Other amounts due in more than one year	5,012,241
Total liabilities	18,935,906
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year	4,090,492
Payment in lieu of taxes levied for the next fiscal year	420,030
Pension	57,989
OPEB	1,169,881
Total deferred inflows of resources	5,738,392
 Net position:	
Net investment in capital assets	17,348,735
Restricted for:	
Capital projects	1,326,780
Classroom facilities maintenance	63,972
Debt service	819,773
State funded programs	128,836
Federally funded programs	3,340
Food service operations	194,305
Extracurricular programs	97,516
Other purposes	627,853
Unrestricted	3,999,259
Total net position	\$ 24,610,369

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

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

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 5,412,024	\$ 2,104,685	\$ 208,387	\$ -	\$ (3,098,952)
Special	2,344,529	-	456,040	-	(1,888,489)
Vocational	97,974	-	15,456	-	(82,518)
Adult/continuing	465	-	-	-	(465)
Other	785,371	-	6,643	-	(778,728)
Support services:					
Pupil	323,402	-	16,195	-	(307,207)
Instructional staff	311,584	5,862	34,362	-	(271,360)
Board of education	58,105	-	-	-	(58,105)
Administration	1,128,432	380	30,156	-	(1,097,896)
Fiscal	392,518	-	457	-	(392,061)
Operations and maintenance	1,315,962	150	120,430	-	(1,195,382)
Pupil transportation	630,850	-	11,909	25,052	(593,889)
Central	15,948	-	-	-	(15,948)
Operation of non-instructional services:					
Food service operations	440,742	61,331	356,501	-	(22,910)
Other non-instructional services	37,380	15,147	19,052	-	(3,181)
Extracurricular activities	480,083	124,618	20,250	-	(335,215)
Interest and fiscal charges	163,082	-	-	-	(163,082)
Totals	<u>\$ 13,938,451</u>	<u>\$ 2,312,173</u>	<u>\$ 1,295,838</u>	<u>\$ 25,052</u>	<u>(10,305,388)</u>
General revenues:					
Property taxes levied for:					
					4,322,173
					1,082,477
					214,778
					48,972
					420,030
					4,597,865
					64,059
					198,173
					<u>10,948,527</u>
					643,139
					<u>23,967,230</u>
					<u>\$ 24,610,369</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 14,349,068	\$ 607,187	\$ 2,415,011	\$ 17,371,266
Receivables:				
Property taxes	4,058,221	944,519	253,602	5,256,342
Payment in lieu of taxes	420,030	-	-	420,030
Accounts	2,514	-	-	2,514
Accrued interest	9,138	-	-	9,138
Intergovernmental	64,116	-	72,485	136,601
Prepayments	23,232	-	302	23,534
Materials and supplies inventory	-	-	2,977	2,977
Inventory held for resale	-	-	5,517	5,517
Due from other funds	28,263	-	-	28,263
Total assets	<u>\$ 18,954,582</u>	<u>\$ 1,551,706</u>	<u>\$ 2,749,894</u>	<u>\$ 23,256,182</u>
Liabilities:				
Accounts payable	\$ 12,198	\$ -	\$ -	\$ 12,198
Accrued wages and benefits payable	704,316	-	52,193	756,509
Compensated absences payable	56,639	-	-	56,639
Intergovernmental payable	29,408	-	724	30,132
Pension and postemployment benefits payable	144,236	-	16,398	160,634
Due to other funds	-	-	28,263	28,263
Total liabilities	<u>946,797</u>	<u>-</u>	<u>97,578</u>	<u>1,044,375</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	3,172,272	718,667	199,553	4,090,492
Payment in lieu of taxes levied for the next fiscal year	420,030	-	-	420,030
Delinquent property tax revenue not available	53,596	12,112	3,695	69,403
Intergovernmental revenue not available	-	-	10,466	10,466
Accrued interest not available	5,062	-	-	5,062
Tuition revenue not available	60,505	-	-	60,505
Total deferred inflows of resources	<u>3,711,465</u>	<u>730,779</u>	<u>213,714</u>	<u>4,655,958</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	2,977	2,977
Prepays	23,232	-	302	23,534
Scholarships	-	-	17,000	17,000
Restricted:				
Debt service	-	820,927	-	820,927
Capital projects	-	-	1,323,783	1,323,783
Classroom facilities maintenance	-	-	63,274	63,274
Food service operations	-	-	196,450	196,450
State funded programs	-	-	128,836	128,836
Federally funded programs	-	-	1	1
Extracurricular programs	-	-	97,495	97,495
Agriculture, sports and recreation programs	-	-	575,308	575,308
Scholarships	-	-	6,179	6,179
Other purposes	-	-	29,366	29,366
Committed:				
Latchkey program	-	-	8,660	8,660
Assigned:				
Student and staff support	16,224	-	-	16,224
Other purposes	39	-	-	39
Unassigned (deficit)	14,256,825	-	(11,029)	14,245,796
Total fund balances	<u>14,296,320</u>	<u>820,927</u>	<u>2,438,602</u>	<u>17,555,849</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 18,954,582</u>	<u>\$ 1,551,706</u>	<u>\$ 2,749,894</u>	<u>\$ 23,256,182</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

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

Total governmental fund balances		\$ 17,555,849
<i>Amounts reported for governmental activities on 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.		22,759,599
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 69,403	
Accounts receivable	60,505	
Accrued interest receivable	5,062	
Intergovernmental receivable	10,466	
Total		145,436
Unamortized premiums on bonds issued are not recognized in the funds.		(215,233)
Unamortized amounts on refundings are not recognized in the funds.		165,335
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(13,266)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	2,135,640	
Deferred inflows - pension	(57,989)	
Net pension liability	(11,244,734)	
Deferred outflows - OPEB	337,474	
Deferred inflows - OPEB	(1,169,880)	
Net OPEB asset	658,700	
Net OPEB liability	(742,352)	
Total		(10,083,141)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(5,315,000)	
Capital lease obligations	(45,966)	
Compensated absences	(343,244)	
Total		(5,704,210)
Net position of governmental activities		\$ 24,610,369

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

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

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 4,316,344	\$ 1,082,346	\$ 263,174	\$ 5,661,864
Intergovernmental	4,642,721	116,907	1,088,416	5,848,044
Investment earnings	96,157	-	1,357	97,514
Tuition and fees	2,196,672	-	15,147	2,211,819
Extracurricular	-	-	124,618	124,618
Rental income	150	-	-	150
Charges for services	-	-	61,331	61,331
Contributions and donations	6,664	-	63,450	70,114
Payment in lieu of taxes	420,030	-	-	420,030
Miscellaneous	191,889	-	-	191,889
Total revenues	<u>11,870,627</u>	<u>1,199,253</u>	<u>1,617,493</u>	<u>14,687,373</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,529,382	-	116,556	4,645,938
Special	1,961,367	-	294,996	2,256,363
Vocational	70,888	-	630	71,518
Adult/continuing	426	-	-	426
Other	776,787	-	6,441	783,228
Support services:				
Pupil	246,411	-	52,891	299,302
Instructional staff	247,384	-	33,809	281,193
Board of education	56,899	-	-	56,899
Administration	1,038,058	-	4,512	1,042,570
Fiscal	337,872	28,626	6,727	373,225
Operations and maintenance	731,458	-	167,844	899,302
Pupil transportation	499,146	-	100,131	599,277
Central	8,914	-	-	8,914
Operation of non-instructional services:				
Food service operations	-	-	413,269	413,269
Other non-instructional services	-	-	35,097	35,097
Extracurricular activities	184,590	-	184,616	369,206
Facilities acquisition and construction	-	-	218,404	218,404
Debt service:				
Principal retirement	16,262	850,000	-	866,262
Interest and fiscal charges	2,742	167,684	-	170,426
Total expenditures	<u>10,708,586</u>	<u>1,046,310</u>	<u>1,635,923</u>	<u>13,390,819</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,162,041</u>	<u>152,943</u>	<u>(18,430)</u>	<u>1,296,554</u>
Other financing sources (uses):				
Sale/loss of assets	1,531	-	-	1,531
Transfers in	-	-	4,600	4,600
Transfers (out)	(4,600)	-	-	(4,600)
Total other financing sources (uses)	<u>(3,069)</u>	<u>-</u>	<u>4,600</u>	<u>1,531</u>
Net change in fund balances	1,158,972	152,943	(13,830)	1,298,085
Fund balances at beginning of year	<u>13,137,348</u>	<u>667,984</u>	<u>2,452,432</u>	<u>16,257,764</u>
Fund balances at end of year	<u>\$ 14,296,320</u>	<u>\$ 820,927</u>	<u>\$ 2,438,602</u>	<u>\$ 17,555,849</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

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

Net change in fund balances - total governmental funds	\$	1,298,085
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 93,631	
Current year depreciation	(916,751)	
Total		(823,120)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	6,536	
Tuition	(86,125)	
Earnings on investments	(32,098)	
Intergovernmental	3,675	
Total		(108,012)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		866,262
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
(Increase) decrease in accrued interest payable	1,416	
Amortization of bond premiums	25,572	
Amortization of deferred charges	(19,644)	
		7,344
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	835,525	
OPEB	23,020	
Total		858,545
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,519,141)	
OPEB	26,977	
Total		(1,492,164)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		36,199
Change in net position of governmental activities	\$	643,139

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 3,275,027	\$ 3,387,979	\$ 3,727,692	\$ 339,713
Intergovernmental	4,744,982	4,809,341	5,056,342	247,001
Investment earnings	290,478	152,949	131,065	(21,884)
Tuition and fees	2,000,686	2,086,583	2,204,422	117,839
Rental income	2,613	2,725	150	(2,575)
Contributions and donations	25,713	26,817	4,975	(21,842)
Miscellaneous	72,315	75,420	185,884	110,464
Total revenues	<u>10,411,814</u>	<u>10,541,814</u>	<u>11,310,530</u>	<u>768,716</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,634,418	4,850,118	4,526,697	323,421
Special	1,889,194	1,871,031	1,936,767	(65,736)
Vocational	67,901	64,883	71,355	(6,472)
Adult/continuing	698	667	426	241
Other	823,322	812,034	776,052	35,982
Support services:				
Pupil	257,409	245,969	249,202	(3,233)
Instructional staff	257,109	245,683	240,407	5,276
Board of education	56,929	54,399	56,876	(2,477)
Administration	1,119,903	1,070,133	1,044,698	25,435
Fiscal	364,415	348,220	339,698	8,522
Operations and maintenance	775,727	790,693	735,451	55,242
Pupil transportation	467,197	481,857	501,824	(19,967)
Central	8,524	8,145	8,914	(769)
Extracurricular activities	195,768	187,068	194,284	(7,216)
Total expenditures	<u>10,918,514</u>	<u>11,030,900</u>	<u>10,682,651</u>	<u>348,249</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(506,700)</u>	<u>(489,086)</u>	<u>627,879</u>	<u>1,116,965</u>
Other financing sources (uses):				
Refund of prior year's expenditures	5,468	5,468	2,229	(3,239)
Refund of prior year's receipts	(2,986)	(35,000)	(15,187)	19,813
Transfers in	3,000	3,000	-	(3,000)
Transfers (out)	(12,600)	(5,000)	(4,600)	400
Advances in	136,800	6,800	-	(6,800)
Advances (out)	(136,800)	-	-	-
Sale of capital assets	5,133	5,133	1,531	(3,602)
Total other financing sources (uses)	<u>(1,985)</u>	<u>(19,599)</u>	<u>(16,027)</u>	<u>3,572</u>
Net change in fund balance	(508,685)	(508,685)	611,852	1,120,537
Fund balance at beginning of year	<u>13,749,298</u>	<u>13,749,298</u>	<u>13,749,298</u>	<u>-</u>
Fund balance at end of year	<u>\$ 13,240,613</u>	<u>\$ 13,240,613</u>	<u>\$ 14,361,150</u>	<u>\$ 1,120,537</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	Private-Purpose Trust	
	Scholarship	Custodial
Assets:		
Equity in pooled cash and cash equivalents	\$ 1,000	\$ 7,639,373
Receivables:		
Accrued interest	-	1,617
Total assets	1,000	7,640,990
Liabilities:		
Accounts payable	-	64,622
Total liabilities	-	64,622
Net position:		
Restricted for individuals, organizations and other governments	1,000	7,576,368
Total net position	\$ 1,000	\$ 7,576,368

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Private-Purpose Trust	
	Scholarship	Custodial
Additions:		
Amounts received as fiscal agent	\$ -	\$ 8,547,911
Earnings on investments	-	10,229
Contributions and donations	3,500	-
Total additions	3,500	8,558,140
Deductions:		
Distributions as fiscal agent	-	7,406,497
Scholarships awarded	3,500	-
Total deductions	3,500	7,406,497
Change in net position	-	1,151,643
Net position at beginning of year	1,000	6,424,725
Net position at end of year	\$ 1,000	\$ 7,576,368

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 - DESCRIPTION OF THE DISTRICT

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

It is staffed by 9 administrators, 37 classified employees and 64 certified teaching personnel, who provide services to approximately 900 students and other community members. The Board oversees the operations of the District's instructional/support facility.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Area Computer Services Cooperative (NOACSC)

The District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Hancock, Paulding, Putnam and Van Wert counties and the cities of St. Marys and Wapakoneta. The 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.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

The governing board of NOACSC consists of two representatives from each county, elected by majority vote of all charter member school districts within each county, plus one representative from the fiscal agent school district. Financial information is available from the Executive Director, at 4277 East Road, Elida, Ohio 45807.

Northwestern Ohio Educational Research Council, Inc. (NOERC)

The District is a participant in the Northwestern Ohio Educational Research Council (NOERC), which provides educational entities with a better understanding of their common educational problems, facilitates and conducts practical educational research, coordinates research among members and provides opportunities for training. NOERC serves a twenty-five county area in northwest Ohio.

The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., P.O. Box 52, Maria Stein, Ohio 45860-0052.

Vantage Career Center

The Vantage Career Center (the "Center") is a distinct political subdivision of the State of Ohio, which provides vocational education to students. The Center is operated under the direction of a Board consisting of one representative from each participating school districts' elected boards. The Board is its own budgeting and taxing authority. Financial information can be obtained from the Vantage Career Center, 818 North Franklin Street, Van Wert, Ohio, 45891.

The District also participates in two group purchasing pools for insurance, described in Note 13.

B. Fund Accounting

The 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. There are three categories of funds: governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

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

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available 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 the accumulation of property tax revenues for, and payment of, general obligation bonds and principal and interest from governmental resources when the government is obligated in some manner for payment.

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

PROPRIETARY FUNDS

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's trust fund accounts for student scholarships selected by organizations outside of the District's control. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's custodial fund accounts for the Van Wert Area School Insurance Group (VWASIG) for which the District is fiscal agent.

C. Basis of Presentation and Measurement Focus

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

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 District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donation. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Note 14 and Note 15 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

For the District, see Note 14 and 15 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each function for the general fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Van Wert County Budget Commission for rate determination.

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the original and final certificate of estimated resources issued during the fiscal year.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at any level of control. Any revisions that alter the legal level of budgetary control must be approved by the Board of Education.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

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

F. Cash and Investments

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

During fiscal year 2021, investments were limited to non-negotiable certificates of deposit and State Treasury Asset Reserve of Ohio (STAR Ohio). Investments for the VWASIG were limited to Federal Home Loan Bank (FHLB) securities, Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities and STAR Ohio. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

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

For fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the District, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$96,157, which includes \$16,582 assigned from other funds.

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

An analysis of the District's investment account at year end is provided in Note 4.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis. Inventories are accounted for using the consumption method on the government wide financial statements.

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

H. Capital Assets

General capital 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. Donated capital assets are recorded at their acquisition value of the date received. The District maintains a capitalization threshold of \$2,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized. The District does not possess infrastructure.

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

Description	Governmental Activities Estimated Lives
Land improvements	20 years
Buildings and improvements	25 - 50 years
Furniture, fixtures and equipment	5 - 20 years
Vehicles	10 years

I. Interfund Balances

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

J. Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”. Vacation absences are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is an estimate based on the District’s past experience of making termination payments for sick leave.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2021 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance

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

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

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

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

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

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

M. Net Position

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

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

N. Bond Issuance Costs, Unamortized Bond Premiums and Discounts, and Deferred Charges on Debt Refunding

On both the government-wide financial statements and the fund financial statements, bond issuance costs are recognized in the period in which they are incurred.

On the government-wide financial statements, bond premiums and discounts are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds and bond discounts are presented as a reduction to the face amount of the bonds. On the governmental fund financial statements, bond premiums and discounts are recognized in the period in which these items are incurred. The reconciliation between the face value of bonds and the amount reported on the statement of net position is presented in Note 10.

For current and advance refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the refunded debt is amortized as a component of interest expense. This accounting gain or loss on refunding is amortized over the remaining term of the old debt or the term of the new debt, whichever is shorter, and is presented on the statement of net position as a deferred inflow of resources or a deferred outflow of resources.

O. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

P. Estimates

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Q. Interfund Activity

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

R. Pensions/Other Postemployment Benefits (OPEB)

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

S. Fair Value

The 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.

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2021.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

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

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

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

<u>Nonmajor funds</u>	<u>Deficit</u>
Vocational Education Enhancement	\$ 630
IDEA Part B	6,148
Title I	4,251

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
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;

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

A. Cash on Hand

At fiscal year end, the District had \$3,530 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents."

B. Deposits with Financial Institutions

At June 30, 2021, the carrying amount of all District deposits was \$10,855,754, including nonnegotiable certificate of deposit of \$6,294,844. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2021, \$9,554,243 of the District's bank balance of \$10,825,599 was exposed to custodial risk as discussed below, while \$1,271,356 was covered by the FDIC.

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2021, the District had the following investments and maturities:

<u>Measurement/Investment Type:</u>	<u>Measurement Value</u>	<u>Investment Maturities</u>	
		<u>6 months or less</u>	<u>7 to 12 months</u>
<i>Fair value:</i>			
FHLB	\$ 201,951	\$ 100,039	\$ 101,912
FFCB	50,559	-	50,559
FHLMC	60,738	-	60,738
<i>Amortized Cost:</i>			
STAR Ohio	<u>13,839,107</u>	<u>13,839,107</u>	<u>-</u>
Total	<u>\$ 14,152,355</u>	<u>\$ 13,939,146</u>	<u>\$ 213,209</u>

The weighted average of maturity of investments is 0.01 years.

The District's investments in federal agency securities (FHLB, FFCB, FHLMC) are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: The 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 District and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: The District's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio and the U.S. Government money market an AAAM money market rating. Ohio Law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

<u>Measurement/Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Fair value:</i>		
FHLB	\$ 201,951	1.43
FFCB	50,559	0.36
FHLMC	60,738	0.43
<i>Amortized Cost:</i>		
STAR Ohio	<u>13,839,107</u>	<u>97.78</u>
Total	<u>\$ 14,152,355</u>	<u>100.00</u>

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

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

Cash and investments per note

Carrying amount of deposits	\$ 10,855,754
Investments	14,152,355
Cash on hand	<u>3,530</u>
Total	<u>\$ 25,011,639</u>

Cash and investments per statement of net position

Governmental activities	\$ 17,371,266
Private-purpose trust fund	1,000
Custodial fund	<u>7,639,373</u>
Total	<u>\$ 25,011,639</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2021 as reported on the fund statements include the following amounts due to and due from other funds:

<u>Due to</u>	<u>Due from</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 28,263</u>

The purpose of amounts due to/from other funds is to cover negative cash balances in the nonmajor governmental funds. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year. Interfund balances between governmental funds are eliminated on the statement of net position.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- B.** Interfund transfers for the year ended June 30, 2021, consisted of the following, as reported on the fund financial statement:

<u>Transfers from the general fund to:</u>	<u>Amount</u>
Nonmajor governmental fund	<u>\$ 4,600</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

All transfers made during fiscal year 2021 were made in accordance with Ohio Revised Code Sections 5704.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

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

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

The District receives property taxes from Van Wert County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available as an advance at June 30, 2021 was \$832,353 in the general fund, \$213,740 in the bond retirement fund, \$9,546 in classroom facilities maintenance fund (a nonmajor governmental fund) and \$40,808 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available as an advance at June 30, 2020 was \$243,701 in the general fund, \$72,777 in the bond retirement fund, \$2,616 in classroom facilities maintenance fund (a nonmajor governmental fund) and \$11,168 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 6 - PROPERTY TAXES - (Continued)

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

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

	2020 Second Half Collections		2021 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 153,823,900	95.76	\$ 133,142,980	85.06
Public utility personal	<u>6,816,120</u>	<u>4.24</u>	<u>23,389,280</u>	<u>14.94</u>
Total	<u>\$ 160,640,020</u>	<u>100.00</u>	<u>\$ 156,532,260</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$52.30		\$52.30	

NOTE 7 - PAYMENT IN LIEU OF TAXES

According to State law, Van Wert County has entered into agreements with property owners under which the County granted property tax abatements to those property owners. The property owners have agreed to make payments to the District which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The agreements provide for a portion of these payments to be made to the District. The property owners' contractually promise to make these payments in lieu of taxes until the agreement expires. The District recorded \$420,030 in payments in lieu of taxes on a modified accrual basis during fiscal year 2021.

NOTE 8 - RECEIVABLES

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

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

Governmental activities:

Property taxes	\$ 5,256,342
Payment in lieu of taxes	420,030
Accounts	2,514
Accrued interest	9,138
Intergovernmental	<u>136,601</u>
Total receivables	<u>\$ 5,824,625</u>

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 9 - CAPITAL ASSETS

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

	<u>Balance</u> <u>06/30/20</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>06/30/21</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 130,323	\$ -	\$ -	\$ 130,323
Total capital assets, not being depreciated	<u>130,323</u>	<u>-</u>	<u>-</u>	<u>130,323</u>
Capital assets, being depreciated:				
Land improvements	2,656,708	-	-	2,656,708
Buildings and improvements	27,550,306	-	-	27,550,306
Furniture, fixtures and equipment	2,823,877	-	(12,517)	2,811,360
Vehicles	1,463,395	93,631	(58,914)	1,498,112
Total capital assets, being depreciated	<u>34,494,286</u>	<u>93,631</u>	<u>(71,431)</u>	<u>34,516,486</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,666,064)	(105,319)	-	(1,771,383)
Building and improvements	(6,557,175)	(568,207)	-	(7,125,382)
Furniture, fixtures and equipment	(1,795,892)	(149,062)	12,517	(1,932,437)
Vehicles	(1,022,759)	(94,163)	58,914	(1,058,008)
Total accumulated depreciation	<u>(11,041,890)</u>	<u>(916,751)</u>	<u>71,431</u>	<u>(11,887,210)</u>
Governmental activities capital assets, net	<u>\$ 23,582,719</u>	<u>\$ (823,120)</u>	<u>\$ -</u>	<u>\$ 22,759,599</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 467,976
Special	21,146
Vocational	20,670
<u>Support Services:</u>	
Pupil	5,684
Instructional staff	11,589
Administration	14,319
Fiscal	2,953
Operations and maintenance	159,174
Pupil transportation	103,381
Central	7,034
Food service operations	10,504
Extracurricular activities	<u>92,321</u>
Total depreciation expense	<u>\$ 916,751</u>

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 - LONG-TERM OBLIGATIONS

A. During fiscal year 2021, the following activity occurred in long-term obligation:

	Balance			Balance	Amounts
	<u>June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>	<u>Due Within</u>
					<u>One Year</u>
General obligation bonds:					
Series 2015, refunding current interest bonds	\$ 6,165,000	\$ -	\$ (850,000)	\$ 5,315,000	\$ 880,000
Capital lease obligation	62,228	-	(16,262)	45,966	17,094
Compensated absences	395,187	22,505	(17,810)	399,882	66,746
Net pension liability	10,147,567	1,097,167	-	11,244,734	-
Net OPEB liability	<u>821,278</u>	<u>-</u>	<u>(78,926)</u>	<u>742,352</u>	<u>-</u>
Total	<u>\$ 17,591,260</u>	<u>\$ 1,119,672</u>	<u>\$ (962,998)</u>	17,747,934	<u>\$ 963,840</u>
Add: Unamortized premium on bonds				<u>215,233</u>	
Total on Statement of Net Position				<u>\$ 17,963,167</u>	

Series 2015 refunding bonds - On March 19, 2015, the District issued various purpose refunding bonds (series 2015 refunding bonds) to refund \$3,175,000 of the series 2005 refunding bonds, \$2,460,000 of the series 2006 building improvement bonds, and \$4,370,000 of the series 2006 classroom facilities bonds. The refunding issue is comprised of current interest bonds, par value \$9,470,000. The interest rate on the current interest bonds range from 2 to 3.5 percent. Interest payments on the bonds are due on June 1 and December 1 of each year. The final stated maturity of the current interest bonds is December 1, 2029. The bonds will be retired from the bond retirement fund.

The series 2005 refunding bonds in the amount of \$3,175,000 were refunded through the purchase of U.S. Treasury obligations having the amounts and maturities to generate a cash flow sufficient to meet the principal and interest payments due over the life of the remaining bonds. The investments and the uninvested cash are being held in an irrevocable trust. The series 2005, refunding bonds are considered defeased (in-substance) and accordingly, have been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$70,466

A portion of the series 2006 building improvement bonds in the amount of \$2,405,000 were refunded through the purchase of U.S. Treasury obligations having the amounts and maturities to generate a cash flow sufficient to meet the principal and interest payments due over the life of the remaining bonds. The investments and the uninvested cash are being held in an irrevocable trust. The series 2006, building improvement bonds are considered defeased (in-substance) and accordingly, have been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$108,423.

A portion of the series 2006 classroom facilities bonds in the amount of \$4,260,000 were refunded through the purchase of U.S. Treasury obligations having the amounts and maturities to generate a cash flow sufficient to meet the principal and interest payments due over the life of the remaining bonds. The investments and the uninvested cash are being held in an irrevocable trust. The series 2006, classroom facilities bonds are considered defeased (in-substance) and accordingly, have been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$194,180.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The scheduled payments of principal and interest on debt outstanding at June 30, 2021 are as follows:

Fiscal Year Ended	Current Interest Bonds		
	Principal	Interest	Total
2022	\$ 880,000	\$ 150,387	\$ 1,030,387
2023	915,000	127,863	1,042,863
2024	935,000	100,112	1,035,112
2025	470,000	79,038	549,038
2026	495,000	63,944	558,944
2027 - 2030	<u>1,620,000</u>	<u>89,949</u>	<u>1,709,949</u>
Total	<u>\$ 5,315,000</u>	<u>\$ 611,293</u>	<u>\$ 5,926,293</u>

Capital Lease Obligation - See Note 11 for more detail.

Compensated absences - Compensated absences are paid from the fund which the employee is paid which includes the general fund and the following nonmajor governmental funds: food service, special enterprise, IDEA part-B and Title I.

Net Pension Liability - See Note 14 for detail on the District's net pension liability. The District pays obligation related to employee compensation from the fund benefitting from their service.

Net OPEB Liability/Asset - See Note 15 for detail on the District's net OPEB liability/asset. The District pays obligation related to employee compensation from the fund benefitting from their service.

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2021, are a voted debt margin of \$9,593,830 (including available funds of \$820,927) and an unvoted debt margin of \$156,532.

NOTE 11 - CAPITAL LEASE OBLIGATION

In a prior fiscal year, the District entered into capitalized leases for copier equipment. This lease agreement meets the criteria of capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$82,004. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2021 was \$18,699, leaving a current book value of \$63,305. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2021 totaled \$16,262 paid by the general fund.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11 - CAPITAL LEASE OBLIGATION - (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2021:

Fiscal Year Ending June 30	Amount
2022	\$ 19,004
2023	19,004
2024	11,086
Total minimum lease payments	49,094
Less: amount representing interest	(3,128)
Total	\$ 45,966

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 190 days for eligible personnel. Upon retirement, payment is made for 25% of accrued, but unused sick leave credit up to a maximum of 120 days for classified staff. For certified staff, payment is made for 25% of accrued, but unused sick leave credit up to a maximum of 40 days.

B. Health Care Benefits

The District provides medical, dental, vision and life insurance to all employees through the Van Wert Area School Insurance Group (Note 13). Depending upon the plan chosen, the employees share the cost of the monthly premium with the Board. The premium varies depending on the terms of the union contract.

NOTE 13 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the District contracted for the following insurance coverage through the Phelan Insurance Agency:

Commercial property contents - replacement cost (\$2,500 deductible)	\$46,818,005
General liability (\$2,000,000 aggregate)	1,000,000
Per occurrence (includes \$4,000,000 umbrella)	5,000,000
Total per year	6,000,000
Errors and omissions (\$5,000 deductible)	1,000,000

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three year fiscal years. There has been no significant reduction in amounts of insurance coverage from the previous fiscal year.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - RISK MANAGEMENT - (Continued)

GROUP PURCHASING POOLS

Sedgwick Group Rating Program (GRP) - The District participates in a group rating program (GRP) for workers' compensation as established under Ohio Revised Code Section 4123.29. The Group Rating Plan was established through the Ohio School Board Association and the Ohio Association of School Business Officials as a group insurance purchasing pool. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the Program.

The intent of the Program is to achieve the benefit of a reduced premium for the District by reducing the District's individual rate based on prior claims. The District pays its workers' compensation premium to the State based on the individual rate and may also pay additional workers' compensation assessments. The District may also be available to receive a refund for overpayment of premiums.

Van Wert Area School Insurance Group (VWASIG) - The VWASIG is a public entity shared risk pool consisting of five members. VWASIG is a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code to provide life insurance and pay medical/surgical, prescription drug, and dental benefits of employees and their covered dependents. The medical insurance program operates under the control of a Board of Trustees representing the member schools and is administered by Anthem through a Third Party Administrator, Huntington Insurance. Each member appoints a representative to the Board of Trustees. The Board of Trustees is the legislative and managerial body of VWASIG. Effective November 1, 2019, the Lincolnview Local School District was appointed to serve as the Fiscal Agent for VWASIG. Financial information is accounted for in a custodial fund within the District's accounting records and can be obtained from the Lincolnview Local School District, 15945 Middle Point Road, Van Wert, Ohio 45891. Financial information prior to November 1, 2019 can be obtained from the Van Wert City School District, 205 West Crawford Street, Van Wert, Ohio 45891.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the District.

NOTE 14 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The remainder of this note includes the required pension disclosures. See Note 15 for the required OPEB disclosures.

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

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

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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0%.

The District's contractually required contribution to SERS was \$179,082 for fiscal year 2021. Of this amount, \$17,143 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2021, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$656,443 for fiscal year 2021. Of this amount, \$115,416 is reported as pension and postemployment benefits payable.

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.03195220%	0.03724185%	
Proportion of the net pension liability current measurement date	<u>0.03289970%</u>	<u>0.03747939%</u>	
Change in proportionate share	<u>0.00094750%</u>	<u>0.00023754%</u>	
Proportionate share of the net pension liability	\$ 2,176,055	\$ 9,068,679	\$ 11,244,734
Pension expense	\$ 268,966	\$ 1,250,175	\$ 1,519,141

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 4,226	\$ 20,346	\$ 24,572
Net difference between projected and actual earnings on pension plan investments	138,136	441,009	579,145
Changes of assumptions	-	486,812	486,812
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	44,321	165,265	209,586
Contributions subsequent to the measurement date	<u>179,082</u>	<u>656,443</u>	<u>835,525</u>
Total deferred outflows of resources	<u>\$ 365,765</u>	<u>\$ 1,769,875</u>	<u>\$ 2,135,640</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	<u>\$ -</u>	<u>\$ 57,989</u>	<u>\$ 57,989</u>
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 57,989</u>	<u>\$ 57,989</u>

\$835,525 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ 31,189	\$ 378,402	\$ 409,591
2023	54,670	200,765	255,435
2024	57,576	269,346	326,922
2025	<u>43,248</u>	<u>206,930</u>	<u>250,178</u>
Total	<u>\$ 186,683</u>	<u>\$ 1,055,443</u>	<u>\$ 1,242,126</u>

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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

For 2020, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 2,980,930	\$ 2,176,055	\$ 1,500,750

Actuarial Assumptions - STRS

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

For the July 1, 2020, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 12,912,220	\$ 9,068,679	\$ 5,811,598

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 14 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the District's surcharge obligation was \$23,020.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$23,020 for fiscal year 2021. Of this amount, \$23,020 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.03265790%	0.03724185%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.03415740%</u>	<u>0.03747939%</u>	
Change in proportionate share	<u>0.00149950%</u>	<u>0.00023754%</u>	
Proportionate share of the net OPEB liability	\$ 742,352	\$ -	\$ 742,352
Proportionate share of the net OPEB asset	\$ -	\$ (658,700)	\$ (658,700)
OPEB expense	\$ 2,358	\$ (29,335)	\$ (26,977)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 9,751	\$ 42,206	\$ 51,957
Net difference between projected and actual earnings on OPEB plan investments	8,366	23,085	31,451
Changes of assumptions	126,544	10,873	137,417
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	57,021	36,608	93,629
Contributions subsequent to the measurement date	<u>23,020</u>	<u>-</u>	<u>23,020</u>
Total deferred outflows of resources	<u>\$ 224,702</u>	<u>\$ 112,772</u>	<u>\$ 337,474</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 377,537	\$ 131,206	\$ 508,743
Changes of assumptions	18,699	625,657	644,356
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>16,782</u>	<u>-</u>	<u>16,782</u>
Total deferred inflows of resources	<u>\$ 413,018</u>	<u>\$ 756,863</u>	<u>\$ 1,169,881</u>

\$23,020 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2022.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ (44,217)	\$ (160,267)	\$ (204,484)
2023	(43,613)	(144,643)	(188,256)
2024	(43,708)	(139,166)	(182,874)
2025	(40,003)	(138,673)	(178,676)
2026	(29,355)	(29,563)	(58,918)
Thereafter	<u>(10,440)</u>	<u>(31,779)</u>	<u>(42,219)</u>
Total	<u>\$ (211,336)</u>	<u>\$ (644,091)</u>	<u>\$ (855,427)</u>

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.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45%, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.13% was used as of June 30, 2019. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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

	1% Decrease	Current Discount Rate	1% Increase
	District's proportionate share of the net OPEB liability	\$ 908,621	\$ 742,352

	1% Decrease	Current Trend Rate	1% Increase
	District's proportionate share of the net OPEB liability	\$ 584,546	\$ 742,352

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

Discount Rate - The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2020.

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 573,112	\$ 658,700	\$ 731,318

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 726,810	\$ 658,700	\$ 575,731

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 611,852
Net adjustment for revenue accruals	546,839
Net adjustment for expenditure accruals	(13,725)
Net adjustment for other sources/uses	12,958
Funds budgeted elsewhere	1,048
GAAP basis	\$ 1,158,972

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the special rotary fund and the public school support fund.

NOTE 17 - SET-ASIDES

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 17 - SET-ASIDES - (Continued)

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2020	\$ -
Current year set-aside requirement	158,704
Current year offsets	<u>(275,145)</u>
Total	<u>\$ (116,441)</u>
Balance carried forward to fiscal year 2022	<u>\$ -</u>
Set-aside balance June 30, 2021	<u><u>\$ -</u></u>

NOTE 18 - CONTINGENCIES

A. Grants

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

B. Litigation

There are no legal matters in litigation with the District as defendant.

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year-end. As of the date of this report, ODE adjustments for fiscal year 2021 have been finalized and resulted in a receivable to the School District of \$1,638. This amount is not included on the accompanying financial statements.

NOTE 19 - ENDOWMENTS

The District's special revenue funds included 2 donor restricted endowments. The endowments, in the amount of \$18,000, represents the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the District is \$5,178 for 2021 and is included as held in trust for scholarships. State law permits the District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowment indicates that the interest should be used for the special education program.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 20 - CONTRACTUAL COMMITMENTS

The District has entered into contracts with Marsh Foundation School. The students who attend Marsh Foundation School are by court order or other placement. The school is located in the District and these students are entitled to an education from the District by State law. The District provides materials and teaching personnel for the education of these students. They are then reimbursed for the excess costs at the end of the fiscal year.

NOTE 21 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Enterprise Zones

Van Wert County entered into property tax abatement agreements with local businesses under Enterprise Zone tax abatement agreements. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. The agreements affect the property tax receipts collected and distributed to the District. Under the agreements, the District's property taxes were reduced by \$35,555 during fiscal year 2021.

NOTE 22 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The District's investment portfolio and the pension and other employee benefits plan in which the District participate fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 23 - SUBSEQUENT EVENT

For fiscal year 2022, District foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the educating school. For fiscal year 2021, the District reported \$774,052 in revenues and expenditures/expenses related to these programs. Also, during fiscal year 2021, the District reported \$1,496,867 in tuition and fees from the resident school districts which will be direct funded to the District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each District. The District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.03289970%	0.03195220%	0.03110960%	0.03180900%
District's proportionate share of the net pension liability	\$ 2,176,055	\$ 1,911,756	\$ 1,781,704	\$ 1,900,517
District's covered payroll	\$ 1,162,514	\$ 1,111,000	\$ 1,028,119	\$ 973,457
District's proportionate share of the net pension liability as a percentage of its covered payroll	187.19%	172.08%	173.30%	195.23%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.03293210%	0.03214680%	0.03027700%	0.03027700%
\$ 2,410,326	\$ 1,834,328	\$ 1,532,302	\$ 1,800,476
\$ 1,060,386	\$ 967,785	\$ 879,784	\$ 916,452
227.31%	189.54%	174.17%	196.46%
62.98%	69.16%	71.70%	65.52%

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.03747939%	0.03724185%	0.03679396%	0.03572267%
District's proportionate share of the net pension liability	\$ 9,068,679	\$ 8,235,811	\$ 8,090,166	\$ 8,485,997
District's covered payroll	\$ 4,564,607	\$ 4,392,907	\$ 4,238,736	\$ 3,954,586
District's proportionate share of the net pension liability as a percentage of its covered payroll	198.67%	187.48%	190.86%	214.59%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.03534442%	0.03492158%	0.03547837%	0.03547837%
\$ 11,830,843	\$ 9,651,303	\$ 8,629,567	\$ 10,279,484
\$ 3,755,657	\$ 3,719,914	\$ 3,624,908	\$ 3,679,262
315.01%	259.45%	238.06%	279.39%
66.80%	72.10%	74.70%	69.30%

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 179,082	\$ 162,752	\$ 149,985	\$ 138,796
Net pension liability contractually required contribution	<u>(179,082)</u>	<u>(162,752)</u>	<u>(149,985)</u>	<u>(138,796)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,279,157	\$ 1,162,514	\$ 1,111,000	\$ 1,028,119
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 136,284	\$ 148,454	\$ 127,554	\$ 121,938	\$ 126,837	\$ 122,844
<u>(136,284)</u>	<u>(148,454)</u>	<u>(127,554)</u>	<u>(121,938)</u>	<u>(126,837)</u>	<u>(122,844)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 973,457	\$ 1,060,386	\$ 967,785	\$ 879,784	\$ 916,452	\$ 913,338
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 656,443	\$ 639,045	\$ 615,007	\$ 593,423
Net pension liability contractually required contribution	<u>(656,443)</u>	<u>(639,045)</u>	<u>(615,007)</u>	<u>(593,423)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 4,688,879	\$ 4,564,607	\$ 4,392,907	\$ 4,238,736
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 553,642	\$ 525,792	\$ 520,788	\$ 471,238	\$ 478,304	\$ 483,514
<u>(553,642)</u>	<u>(525,792)</u>	<u>(520,788)</u>	<u>(471,238)</u>	<u>(478,304)</u>	<u>(483,514)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,954,586	\$ 3,755,657	\$ 3,719,914	\$ 3,624,908	\$ 3,679,262	\$ 3,719,338
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.03415740%	0.03265790%	0.03144580%	0.32182600%	0.03327819%
District's proportionate share of the net OPEB liability	\$ 742,352	\$ 821,278	\$ 872,391	\$ 863,696	\$ 948,552
District's covered payroll	\$ 1,162,514	\$ 1,111,000	\$ 1,028,119	\$ 973,457	\$ 1,060,386
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	63.86%	73.92%	84.85%	88.72%	89.45%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%	11.49%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability/asset	0.03747939%	0.03724185%	0.03679396%	0.03572267%	0.03534442%
District's proportionate share of the net OPEB liability/(asset)	\$ (658,700)	\$ (616,814)	\$ (591,241)	\$ 1,393,767	\$ 1,890,229
District's covered payroll	\$ 4,564,607	\$ 4,392,907	\$ 4,238,736	\$ 3,954,586	\$ 3,755,657
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.43%	14.04%	13.95%	35.24%	50.33%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	182.10%	176.00%	176.00%	47.10%	37.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 23,020	\$ 22,026	\$ 25,081	\$ 21,619
Net OPEB liability contractually required contribution	<u>(23,020)</u>	<u>(22,026)</u>	<u>(25,081)</u>	<u>(21,619)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,279,157	\$ 1,162,514	\$ 1,111,000	\$ 1,028,119
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 17,095	\$ 16,432	\$ 15,174	\$ 16,249	\$ 14,210	\$ 5,023
<u>(17,095)</u>	<u>(16,432)</u>	<u>(15,174)</u>	<u>(16,249)</u>	<u>(14,210)</u>	<u>(5,023)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 973,457	\$ 1,060,386	\$ 967,785	\$ 879,784	\$ 916,452	\$ 913,338
0.00%	0.00%	0.82%	0.14%	0.16%	0.55%

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Net OPEB liability contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 4,688,879	\$ 4,564,607	\$ 4,392,907	\$ 4,238,736
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ 36,782	\$ 36,793	\$ 37,193
-	-	-	(36,782)	(36,793)	(37,193)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,954,586	\$ 3,755,657	\$ 3,719,914	\$ 3,624,908	\$ 3,679,262	\$ 3,719,338
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

(Continued)

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%. For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

(Continued)

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

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**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE:		
<i>Passed Through Ohio Department of Education</i>		
<u>Child Nutrition Cluster:</u>		
School Breakfast Program		
Cash Assistance	10.553	\$2,302
COVID-19 Assistance	10.553	24,100
Total School Breakfast Program		<u>26,402</u>
National School Lunch Program		
Non-Cash Assistance (Food Distribution)	10.555	37,119
Cash Assistance	10.555	263,014
COVID-19 Assistance	10.555	26,936
Total National School Lunch Program		<u>327,069</u>
Total Child Nutrition Cluster		<u>353,471</u>
Total U.S. Department of Agriculture		<u>353,471</u>
U.S. DEPARTMENT OF THE TREASURY		
<i>Passed Through Ohio Department of Education</i>		
COVID-19 - Coronavirus Relief Fund - Rural and Small Town SD	21.019	47,540
COVID-19 - Coronavirus Relief Fund - Broadband Ohio Connectivity	21.019	13,497
<i>Passed Through Village of Venedocia, Ohio</i>		
COVID-19 - Coronavirus Relief Fund	21.019	9,969
<i>Passed Through Jackson Township, Van Wert County, Ohio</i>		
COVID-19 - Coronavirus Relief Fund	21.019	7,203
<i>Passed Through Hoaglin Township, Van Wert County, Ohio</i>		
COVID-19 - Coronavirus Relief Fund	21.019	3,795
Total COVID-19 - Coronavirus Relief Funds		<u>82,004</u>
Total U.S. Department of the Treasury		<u>82,004</u>
U.S. DEPARTMENT OF EDUCATION:		
<i>Passed Through Ohio Department of Education</i>		
Title I Grants to Local Educational Agencies		
Title I-A Improving Basic Programs	84.010	76,909
Title I-D Delinquent	84.010	65,510
Expanding Opportunitites for Each Child	84.010	1,529
Total Title I Grants to Local Educational Agencies		<u>143,948</u>
<u>Special Education Cluster:</u>		
Special Education Grants to States	84.027	156,887
Special Education Preschool Grant	84.173	13,114
Total Special Education Cluster		<u>170,001</u>
Supporting Effective Instruction State Grants	84.367	14,403

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Total Federal Expenditures
Student Support and Academic Enrichment Program	84.424	10,000
COVID-19 Education Stabilization Fund		
COVID-19 - Elementary and Secondary School Emergency Relief I	84.425D	63,149
COVID-19 - Elementary and Secondary School Emergency Relief II	84.425D	68,893
Total COVID-19 Education Stabilization Fund		<u>132,042</u>
Total U.S. Department of Education		<u>470,394</u>
Total Expenditures of Federal Awards		<u><u>\$905,869</u></u>

The accompanying notes are an integral part of this schedule.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the 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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OHIO AUDITOR OF STATE KEITH FABER



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

Lincolnview Local School District
Van Wert County
15945 Middle Point Road
Van Wert, Ohio 45891

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lincolnview Local School District, Van Wert County, (the District) as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated April 11, 2022, where in we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express

an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

April 11, 2022

OHIO AUDITOR OF STATE KEITH FABER



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

Lincolnview Local School District
Van Wert County
15945 Middle Point Road
Van Wert, Ohio 45891

To the Board of Education:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

April 11, 2022

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster COVID-19 Education Stabilization Fund – CFDA #84.425D
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

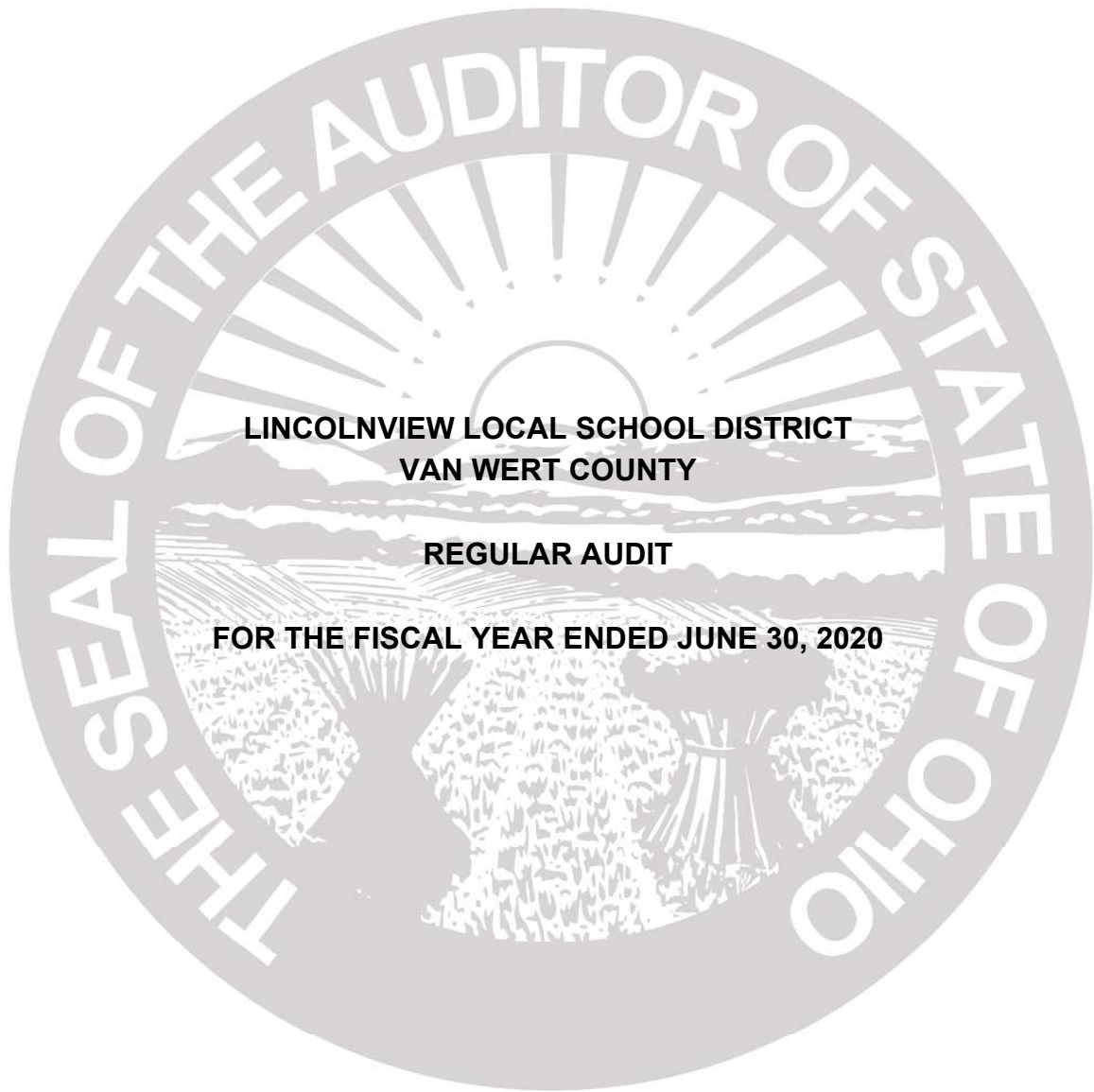
**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS FOR FEDERAL AWARDS

None

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**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY
JUNE 30, 2020**

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**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY
JUNE 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

Lincolnview Local School District
Van Wert County
15945 Middle Point Road
Van Wert, Ohio 45891

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 22 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.

As discussed in Note 3 to the financial statements, during 2020, the District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* which resulted in the restatement of fund balances/net position as of July 1, 2019. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

April 11, 2022

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**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

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

Financial Highlights

Key financial highlights for fiscal year 2020 are as follows:

- In total, net position of governmental activities decreased \$322,357 which represents a 1.33% decrease from June 30, 2019's restated net position.
- General revenues accounted for \$8,630,789 in revenue or 68.08% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$4,047,420 or 31.92% of total revenues of \$12,678,209.
- The District had \$13,000,566 in expenses related to governmental activities; \$4,047,420 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,630,789 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and the bond retirement fund. The general fund had \$9,917,805 in revenues and other financing sources, and \$10,378,291 in expenditures. During fiscal year 2020, the general fund's fund balance decreased \$460,486 from a balance of \$13,597,834 to \$13,137,348.
- The bond retirement fund had \$813,206 in revenues and \$1,016,953 in expenditures. During fiscal year 2020, the bond retirement fund's fund balance decreased \$203,747 from a balance of \$871,731 to \$667,984.

Using the Basic Financial Statements

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

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

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

The District's statement of net position and statement of activities can be found on pages 109-110 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 104. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the bond retirement fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets than can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 111-115 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in custodial funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 116 and 117. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 119-160 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability/asset. The required supplementary information can be found on pages 161-176 of this report.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

The District as a Whole

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

	Net Position	
	Governmental Activities <u>2020</u>	Restated Governmental Activities <u>2019</u>
<u>Assets</u>		
Current and other assets	\$ 22,769,473	\$ 21,656,171
Capital assets, net	<u>23,582,719</u>	<u>23,850,974</u>
Total assets	<u>46,352,192</u>	<u>45,507,145</u>
<u>Deferred outflows</u>	<u>2,575,505</u>	<u>3,171,512</u>
<u>Liabilities</u>		
Current liabilities	1,002,434	963,428
Long-term liabilities	<u>17,832,065</u>	<u>18,417,662</u>
Total liabilities	<u>18,834,499</u>	<u>19,381,090</u>
<u>Deferred inflows</u>	<u>6,125,968</u>	<u>5,007,980</u>
<u>Net Position</u>		
Net investment in capital assets	17,299,665	16,753,088
Restricted	3,119,766	3,004,060
Unrestricted	<u>3,547,799</u>	<u>4,532,439</u>
Total net position	<u>\$ 23,967,230</u>	<u>\$ 24,289,587</u>

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

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2020, the District's assets and deferred outflows exceeded liabilities and deferred inflows by \$23,967,230. Of this total, \$3,119,766 is restricted in use.

Deferred outflows related to pension decreased primarily due to changes in assumptions by the State Teachers Retirement System (STRS). See Note 14 for more detail.

Total assets include a net OPEB asset reported by STRS. See Note 15 for more detail.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

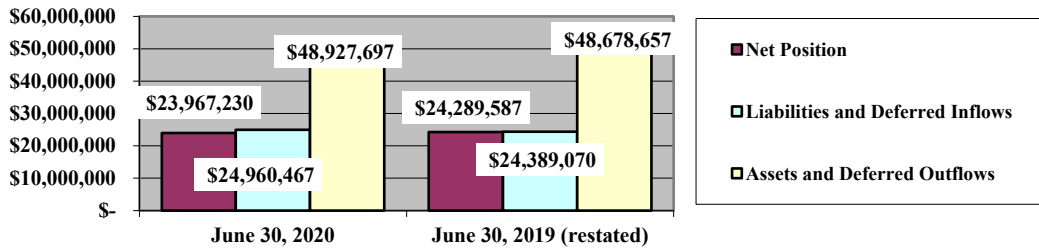
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

At year-end, capital assets represented 50.88% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. The District's net investment in capital assets at June 30, 2020, was \$17,299,665. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Long-term liabilities decreased primarily due to a decrease in the net pension liability and net OPEB liability. These liabilities are outside of the control of the District. The District contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions and OPEB to District employees, not the District.

The graph below shows the changes in net position at June 30, 2020 and June 30, 2019. The net position at June 30, 2019 has been restated as described in Note 3.B.

Governmental Activities



The table on the following page shows the changes in net position for fiscal years 2020 and 2019. The net position at June 30, 2019 has been restated as described in Note 3.B.

	Change in Net Position	
	Governmental Activities 2020	Restated Governmental Activities 2019
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 2,497,168	\$ 2,205,332
Operating grants and contributions	1,496,927	792,113
Capital grants and contributions	53,325	2,000
General revenues:		
Property taxes	3,354,289	4,702,408
Payment in lieu of taxes	419,378	418,702
Grants and entitlements	4,446,039	4,709,946
Investment earnings	302,949	357,889
Other	108,134	67,045
Total revenues	12,678,209	13,255,435

- Continued

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

	Change in Net Position	
	Governmental	Restated
	Activities	Governmental
	<u>2020</u>	<u>2019</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 5,156,301	\$ 4,292,528
Special	2,211,201	1,806,208
Vocational	90,479	72,626
Adult education	723	1,065
Other	777,177	836,486
Support services:		
Pupil	297,126	223,168
Instructional staff	301,858	244,873
Board of education	54,555	59,272
Administration	1,147,631	991,168
Fiscal	396,972	305,385
Operations and maintenance	927,982	1,093,604
Pupil transportation	557,678	492,808
Central	15,082	22,001
Operations of non-instructional services:		
Other non-instructional services	34,914	37,514
Food service operations	374,797	343,897
Extracurricular activities	476,554	425,440
Interest and fiscal charges	<u>179,536</u>	<u>196,828</u>
Total expenses	<u>13,000,566</u>	<u>11,444,871</u>
Change in net position	(322,357)	1,810,564
Net position at beginning of year (restated)	<u>24,289,587</u>	<u>22,479,023</u>
Net position at end of year	<u>\$ 23,967,230</u>	<u>\$ 24,289,587</u>

Governmental Activities

Net position of the District's governmental activities decreased \$322,357. Total governmental expenses of \$13,000,566 were offset by program revenues of \$4,047,420 and general revenues of \$8,630,789. Program revenues supported 31.13% of the total governmental expenses.

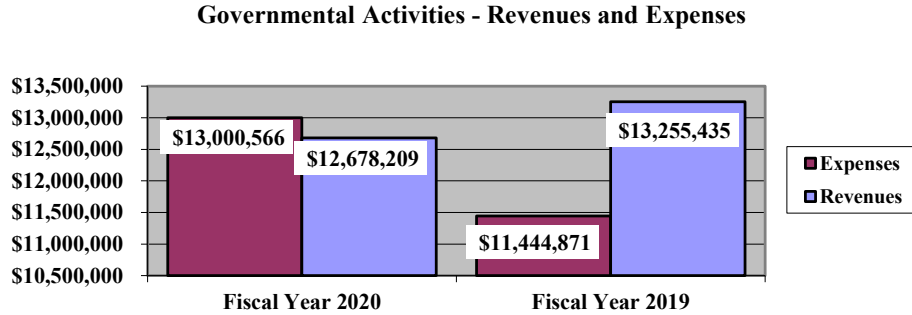
Revenues of the District decreased \$577,226 or 4.35%. The most significant decrease was in the area of property taxes which decreased \$1,348,119. This decrease is due to the amount of property taxes available for advance at year-end which is recorded a revenue. These decreased due to the amount of taxes on hand to distribution from the County Auditor due to the COVID-19 pandemic where homeowners were granted an extension on paying property taxes. The decrease in grants and entities was also a result of the COVID-19 pandemic. Foundation revenues from the State of Ohio were decreases due to an overall decrease in school funding on a State-wide level. Operating grants and contributions increased due to student wellness and success funding and as well as a few other increase in federal grants.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

Expenses of the District increased \$1,555,695 or 13.59%. This increase is primarily the result of an increase in pension expense and OPEB expense compared to the previous fiscal year. Pension expense increased approximately \$600,000 and OPEB expense increased approximately \$1.1 million. These increases are the result of expense at the pension system levels that is out of the control of the District.

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



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

Governmental Activities				
	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>	Total Cost of Services <u>2019</u>	Net Cost of Services <u>2019</u>
Program expenses				
Instruction:				
Regular	\$ 5,156,301	\$ 3,009,469	\$ 4,292,528	\$ 2,428,729
Special	2,211,201	1,726,724	1,806,208	1,314,853
Vocational	90,479	75,023	72,626	51,198
Adult education	723	723	1,065	1,065
Other	777,177	777,177	836,486	831,446
Support services:				
Pupil	297,126	198,879	223,168	204,590
Instructional staff	301,858	273,690	244,873	219,500
Board of education	54,555	54,555	59,272	59,272
Administration	1,147,631	1,144,696	991,168	961,282
Fiscal	396,972	396,972	305,385	305,385
Operations and maintenance	927,982	886,209	1,093,604	1,089,569
Pupil transportation	557,678	545,258	492,808	479,335
Central	15,082	15,082	22,001	22,001
Operations of non-instructional services:				
Other non-instructional services	34,914	(3,167)	37,514	135
Food service operations	374,797	(19,623)	343,897	(15,719)
Extracurricular activities	476,554	(308,057)	425,440	295,957
Interest and fiscal charges	179,536	179,536	196,828	196,828
Total expenses	\$ 13,000,566	\$ 8,953,146	\$ 11,444,871	\$ 8,445,426

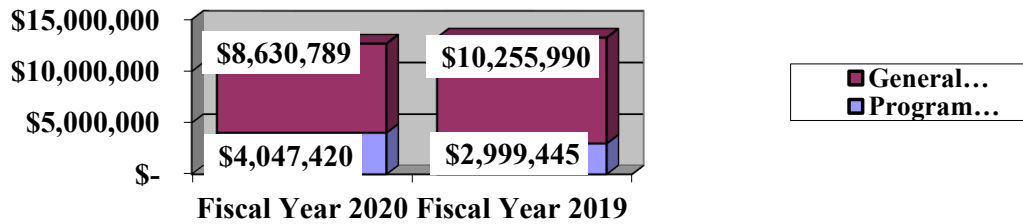
**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

The dependence upon tax and other general revenues for governmental activities is apparent. For all governmental activities, general revenue support is 68.87%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are by far the primary support for District's students.

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

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$16,257,764 which is greater than last year's total fund balance of \$16,552,215. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2020 and 2019. The fund balance at June 30, 2019 has been restated as described in Note 3.B.

	Fund Balance <u>June 30, 2020</u>	Restated Fund Balance <u>June 30, 2019</u>	<u>Change</u>	<u>Percentage Change</u>
General	\$ 13,137,348	\$ 13,597,834	\$ (460,486)	(3.39) %
Bond Retirement	667,984	871,731	(203,747)	(23.37) %
Other Governmental	<u>2,452,432</u>	<u>2,082,650</u>	<u>369,782</u>	17.76 %
Total	<u>\$ 16,257,764</u>	<u>\$ 16,552,215</u>	<u>\$ (294,451)</u>	(1.78) %

General Fund

The District's general fund balance decreased \$460,486.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

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

	<u>2020</u> <u>Amount</u>	<u>2019</u> <u>Amount</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Property taxes	\$ 2,483,576	\$ 3,525,551	\$ (1,041,975)	(29.55) %
Earnings on investments	313,816	321,413	(7,597)	(2.36) %
Intergovernmental	4,485,193	4,725,252	(240,059)	(5.08) %
Tuition	2,041,688	1,891,208	150,480	7.96 %
Other revenues	<u>577,588</u>	<u>403,945</u>	<u>173,643</u>	42.99 %
Total	<u>\$ 9,901,861</u>	<u>\$ 10,867,369</u>	<u>\$ (965,508)</u>	(8.88) %
<u>Expenditures</u>				
Instruction	\$ 7,002,325	\$ 6,808,926	\$ 193,399	2.84 %
Support services	3,148,703	3,146,631	2,072	0.07 %
Extracurricular activities	187,786	161,272	26,514	16.44 %
Capital outlay	10,811	71,193	(60,382)	(84.81) %
Debt service	<u>18,060</u>	<u>6,739</u>	<u>11,321</u>	167.99 %
Total	<u>\$ 10,367,685</u>	<u>\$ 10,194,761</u>	<u>\$ 172,924</u>	1.70 %

The general fund revenues decreased \$965,508 or 8.88%. This decrease was primarily the result of decreases in property taxes and intergovernmental. Property taxes decreased due to a decrease in advances available from the County Auditor. The County delayed property tax bills to ease the financial burden due to the COVID-19 pandemic. Intergovernmental decreased due to a State-wide decrease in school foundation funding related to the COVID-19 pandemic. Tuition increased due to an increase in open enrollment students. Other revenues increased due to an increase in payment in lieu of taxes.

Expenditures of the general fund increased \$172,924 or 1.70%. This increase is the result of an increase in salaries and benefits paid to instruction employees compared to the previous fiscal year.

Bond Retirement Fund

The bond retirement fund had \$813,206 in revenues and \$1,016,953 in expenditures. During fiscal year 2020, the bond retirement fund's fund balance decreased \$203,747 from a balance of \$871,731 to \$667,984.

General Fund Budgeting Highlights

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

For the general fund, original budgeted revenues and other financing sources were \$10,285,638. Actual revenues and other financing sources for fiscal 2020 was \$10,872,435. This represents a \$108,153 decrease from final budgeted revenues of \$10,980,588.

General fund original appropriations (appropriated expenditures including other financing uses) and final appropriations (appropriated expenditures including other financing uses) were \$10,781,640. The actual budget basis expenditures and other financing uses for fiscal year 2020 totaled \$10,324,988, which was \$591,652 less than the final budget appropriations of \$10,916,640.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2020, the District had \$23,582,719 invested in land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2020 balances compared to June 30, 2019:

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2020	2019
Land	\$ 130,323	\$ 130,323
Land improvements	990,644	862,803
Building and improvements	20,993,131	21,526,075
Furniture, fixtures and equipment	1,027,985	992,911
Vehicles	440,636	338,862
Total	\$ 23,582,719	\$ 23,850,974

The District had \$634,063 in additions, \$895,549 in current year depreciation and \$6,769 in disposals, net of accumulated depreciation.

See Note 9 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2020, the District had \$6,227,228 in general obligation bonds and capital lease obligations outstanding. Of this total, \$866,262 is due within one year and \$5,360,966 is due in greater than one year.

The following table summarizes the bonds outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2020</u>	Governmental Activities <u>2019</u>
	General obligation bonds	\$ 6,165,000
Capital lease obligation	62,228	66,132
Total	\$ 6,227,228	\$ 7,036,132

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

Current Financial Related Activities

The District is holding its own in a State with declining economy and uncertainty in State funding. Lincolnview is a small rural local school district encompassing 145 square miles in Northwest Ohio. It has a limited number of small and medium businesses with agriculture having a large influence on the economy.

For fiscal year 2020, the District is operating in the first year of a biennium budget. Per ODE fiscal year 2019 information (most current information available from ODE), approximately 54% of the District's receipt source is from local funds, 40% is from State funds and the remaining 6% is from Federal funds. The total disbursement per pupil was calculated at \$11,437.

Over the past several years, the District has remained in good financial position. Since fiscal year 1997, The District has operated at a surplus for operating purposes meaning that revenues have exceeded expenditures each year since 1997. However, future finances are not without challenges as State funding is revised. Some of these challenges are in the areas of State funding for schools in the light of the DeRolph court case and the long term effects of public utility deregulation, as well as the reduction of personal property for business inventory.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Troy Bowersock, Treasurer, Lincolnview Local School District, 15945 Middle Point Road, Van Wert, Ohio 45891.

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**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
Assets:	
Equity in pooled cash and investments.	\$ 16,787,103
Receivables:	
Property taxes	4,611,702
Payment in lieu of taxes	419,378
Accounts.	674
Accrued interest	76,144
Intergovernmental	222,302
Prepayments	24,230
Materials and supplies inventory.	2,823
Inventory held for resale.	8,303
Net OPEB asset	616,814
Capital assets:	
Nondepreciable capital assets	130,323
Depreciable capital assets, net.	23,452,396
Capital assets, net.	23,582,719
Total assets.	46,352,192
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	184,979
Pension	2,150,495
OPEB	240,031
Total deferred outflows of resources.	2,575,505
Liabilities:	
Accounts payable.	10,836
Accrued wages and benefits payable	800,748
Intergovernmental payable	26,560
Pension and postemployment benefits payable.	149,608
Accrued interest payable	14,682
Long-term liabilities:	
Due within one year.	896,081
Due in more than one year:	
Net pension liability.	10,147,567
Net OPEB liability	821,278
Other amounts due in more than one year	5,967,139
Total liabilities.	18,834,499
Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	4,218,573
Payment in lieu of taxes levied for the next fiscal year.	419,378
Pension	486,395
OPEB.	1,001,622
Total deferred inflows of resources.	6,125,968
Net position:	
Net investment in capital assets	17,299,665
Restricted for:	
Capital projects	1,391,334
Classroom facilities maintenance	65,785
Debt service.	665,283
State funded programs.	73,889
Extracurricular	132,664
Food service operations.	189,890
Other purposes	600,921
Unrestricted.	3,547,799
Total net position.	\$ 23,967,230

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

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

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction:					
Regular	\$ 5,156,301	\$ 2,146,832	\$ -	\$ -	\$ (3,009,469)
Special	2,211,201	-	484,477	-	(1,726,724)
Vocational	90,479	-	15,456	-	(75,023)
Adult/continuing	723	-	-	-	(723)
Other	777,177	-	-	-	(777,177)
Support services:					
Pupil	297,126	-	98,247	-	(198,879)
Instructional staff	301,858	2,546	25,622	-	(273,690)
Board of education	54,555	-	-	-	(54,555)
Administration	1,147,631	2,935	-	-	(1,144,696)
Fiscal	396,972	-	-	-	(396,972)
Operations and maintenance	927,982	2,625	39,148	-	(886,209)
Pupil transportation	557,678	-	12,420	-	(545,258)
Central	15,082	-	-	-	(15,082)
Operation of non-instructional services:					
Other non-instructional services	34,914	15,145	22,936	-	3,167
Food service operations	374,797	128,826	212,269	53,325	19,623
Extracurricular activities	476,554	198,259	586,352	-	308,057
Interest and fiscal charges	179,536	-	-	-	(179,536)
Total governmental activities	\$ 13,000,566	\$ 2,497,168	\$ 1,496,927	\$ 53,325	(8,953,146)
General revenues:					
Property taxes levied for:					
General purposes					2,508,073
Debt service					698,685
Capital projects					120,004
Special revenue					27,527
Payments in lieu of taxes					419,378
Grants and entitlements not restricted to specific programs					4,446,039
Investment earnings					302,949
Miscellaneous					108,134
Total general revenues					8,630,789
Change in net position					(322,357)
Net position at beginning of year (restated)					24,289,587
Net position at end of year					\$ 23,967,230

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and investments	\$ 13,722,938	\$ 595,207	\$ 2,468,958	\$ 16,787,103
Receivables:				
Property taxes	3,437,744	971,632	202,326	4,611,702
Payment in lieu of taxes	419,378	-	-	419,378
Accounts	642	-	32	674
Accrued interest	76,144	-	-	76,144
Intergovernmental	148,859	-	73,443	222,302
Prepayments	23,828	-	402	24,230
Materials and supplies inventory	-	-	2,823	2,823
Inventory held for resale	-	-	8,303	8,303
Due from other funds	41,493	-	-	41,493
Total assets	<u>\$ 17,871,026</u>	<u>\$ 1,566,839</u>	<u>\$ 2,756,287</u>	<u>\$ 22,194,152</u>
Liabilities:				
Accounts payable	\$ 10,836	\$ -	\$ -	\$ 10,836
Accrued wages and benefits payable	744,330	-	56,418	800,748
Compensated absences payable	15,744	-	-	15,744
Intergovernmental payable	25,758	-	802	26,560
Pension and postemployment benefits payable	137,570	-	12,038	149,608
Due to other funds	-	-	41,493	41,493
Total liabilities	<u>934,238</u>	<u>-</u>	<u>110,751</u>	<u>1,044,989</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	3,146,276	886,874	185,423	4,218,573
Payment in lieu of taxes levied for the next fiscal year	419,378	-	-	419,378
Delinquent property tax revenue not available	47,767	11,981	3,119	62,867
Intergovernmental revenue not available	2,229	-	4,562	6,791
Accrued interest not available	37,160	-	-	37,160
Tuition revenue not available	146,630	-	-	146,630
Total deferred inflows of resources	<u>3,799,440</u>	<u>898,855</u>	<u>193,104</u>	<u>4,891,399</u>
Fund Balance:				
Nonspendable:				
Materials and supplies inventory	-	-	2,823	2,823
Prepays	23,828	-	402	24,230
Scholarships	-	-	17,000	17,000
Restricted:				
Debt service	-	667,984	-	667,984
Capital improvements	-	-	1,388,805	1,388,805
Agriculture, sports and recreation programs	-	-	574,494	574,494
Classroom facilities maintenance	-	-	65,195	65,195
Food service operations	-	-	191,961	191,961
Scholarships	-	-	4,891	4,891
Extracurricular	-	-	132,635	132,635
Student wellness and success	-	-	70,013	70,013
Other purposes	-	-	8,412	8,412
Committed:				
Latchkey program	-	-	10,899	10,899
Assigned:				
Student and staff support	15,058	-	-	15,058
Subsequent year's appropriations	619,322	-	-	619,322
Other purposes	75	-	-	75
Unassigned (deficit)	12,479,065	-	(15,098)	12,463,967
Total fund balances	<u>13,137,348</u>	<u>667,984</u>	<u>2,452,432</u>	<u>16,257,764</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 17,871,026</u>	<u>\$ 1,566,839</u>	<u>\$ 2,756,287</u>	<u>\$ 22,194,152</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES

JUNE 30, 2020

Total governmental fund balances		\$	16,257,764
<i>Amounts reported for governmental activities on 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.			23,582,719
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	62,867	
Tuition receivable		146,630	
Accrued interest receivable		37,160	
Intergovernmental receivable		6,791	
Total		6,791	253,448
Unamortized premiums on bonds issued are not recognized in the funds.			(240,805)
Unamortized amounts on refundings are not recognized in the funds.			184,979
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(14,682)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:			
Deferred outflows of resources - pension		2,150,495	
Deferred inflows of resources - pension		(486,395)	
Net pension liability		(10,147,567)	
Total		(10,147,567)	(8,483,467)
The net OPEB liability/asset is not due and payable in the current period; therefore, liability/asset and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - OPEB		240,031	
Deferred Inflows - OPEB		(1,001,622)	
Net OPEB asset		616,814	
Net OPEB liability		(821,278)	
Total		(821,278)	(966,055)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(6,165,000)	
Capital lease obligations		(62,228)	
Compensated absences		(379,443)	
Total		(6,606,671)	(6,606,671)
Net position of governmental activities		\$	23,967,230

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

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

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Property taxes	\$ 2,483,576	\$ 692,118	\$ 145,962	\$ 3,321,656
Payment in lieu of taxes	419,378	-	-	419,378
Tuition	2,041,688	-	15,145	2,056,833
Earnings on investments	313,816	-	3,581	317,397
Charges for services	-	-	128,826	128,826
Extracurricular	-	-	198,259	198,259
Classroom materials and fees	47,436	-	-	47,436
Rental income	2,625	-	-	2,625
Contributions and donations	28,108	-	655,038	683,146
Other local revenues	80,041	-	-	80,041
Intergovernmental - state	4,436,320	121,088	167,240	4,724,648
Intergovernmental - federal	48,873	-	653,814	702,687
Total revenues	<u>9,901,861</u>	<u>813,206</u>	<u>1,967,865</u>	<u>12,682,932</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,378,434	-	2,178	4,380,612
Special	1,781,983	-	339,164	2,121,147
Vocational	64,587	-	-	64,587
Adult/continuing	660	-	-	660
Other	776,661	-	-	776,661
Support services:				
Pupil	245,184	-	28,746	273,930
Instructional staff	248,300	-	25,660	273,960
Board of education	53,722	-	-	53,722
Administration	1,067,786	-	1,302	1,069,088
Fiscal	344,532	28,492	6,248	379,272
Operations and maintenance	733,851	-	108,124	841,975
Pupil transportation	447,280	-	171,505	618,785
Central	8,048	-	-	8,048
Operation of non-instructional services:				
Other non-instructional services	-	-	33,216	33,216
Food service operations	-	-	350,427	350,427
Extracurricular activities	187,786	-	178,879	366,665
Facilities acquisition and construction	-	-	363,240	363,240
Capital outlay	10,811	-	-	10,811
Debt service:				
Principal retirement	14,715	805,000	-	819,715
Interest and fiscal charges	3,345	183,461	-	186,806
Total expenditures	<u>10,367,685</u>	<u>1,016,953</u>	<u>1,608,689</u>	<u>12,993,327</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(465,824)</u>	<u>(203,747)</u>	<u>359,176</u>	<u>(310,395)</u>
Other financing sources (uses):				
Sale of assets	5,133	-	-	5,133
Transfers in	-	-	10,606	10,606
Transfers (out)	(10,606)	-	-	(10,606)
Capital lease transaction	10,811	-	-	10,811
Total other financing sources (uses)	<u>5,338</u>	<u>-</u>	<u>10,606</u>	<u>15,944</u>
Net change in fund balances	(460,486)	(203,747)	369,782	(294,451)
Fund balances at beginning of year (restated)	<u>13,597,834</u>	<u>871,731</u>	<u>2,082,650</u>	<u>16,552,215</u>
Fund balances at end of year	<u>\$ 13,137,348</u>	<u>\$ 667,984</u>	<u>\$ 2,452,432</u>	<u>\$ 16,257,764</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

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

Net change in fund balances - total governmental funds	\$	(294,451)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 634,063	
Current year depreciation	(895,549)	
Total		(261,486)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(6,769)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	32,633	
Tuition	63,174	
Earnings on investments	(10,867)	
Intergovernmental	(87,434)	
Total		(2,494)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
Principal payments during the year were:		
General obligation bonds	805,000	
Capital lease	14,715	
Total		819,715
Issuance of capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(10,811)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities:		
Change in accrued interest payable	1,342	
Amortization of bond premiums	25,572	
Amortization of deferred charges	(19,644)	
Total		7,270
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows of resources.		
Pension		801,797
OPEB		22,026
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability and net OPEB liability/asset are reported as pension expense/OPEB expense in the statement of activities.		
Pension		(1,537,802)
OPEB		162,385
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(21,737)
Change in net position of governmental activities	\$	(322,357)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Property taxes	\$ 3,147,242	\$ 3,338,449	\$ 3,415,637	\$ 77,188
Payment in lieu of taxes	258,735	366,325	419,378	53,053
Tuition	1,883,009	1,943,195	2,044,674	101,479
Earnings on investments	284,938	343,296	302,949	(40,347)
Classroom materials and fees	40,209	41,389	41,909	520
Rental income	3,823	3,935	2,725	(1,210)
Contributions and donations	28,053	28,876	26,817	(2,059)
Other local revenues	57,927	44,626	75,421	30,795
Intergovernmental - state	4,480,610	4,682,045	4,448,840	(233,205)
Intergovernmental - federal	80,468	32,828	80,484	47,656
Total revenues	10,265,014	10,824,964	10,858,834	33,870
Expenditures:				
Current:				
Instruction:				
Regular	4,634,840	4,686,808	4,375,610	311,198
Special	1,684,910	1,784,203	1,783,693	510
Vocational	62,970	59,788	64,109	(4,321)
Adult/continuing	1,417	1,345	660	685
Other	897,538	814,491	777,343	37,148
Support services:				
Pupil	242,468	230,218	243,032	(12,814)
Instructional staff	248,716	236,150	242,751	(6,601)
Board of education	65,453	82,526	53,751	28,775
Administration	1,100,253	1,056,956	1,057,362	(406)
Fiscal	326,253	332,188	344,065	(11,877)
Operations and maintenance	818,516	814,356	732,408	81,948
Pupil transportation	477,541	475,076	441,107	33,969
Central	9,770	9,277	8,048	1,229
Extracurricular activities	165,204	156,858	184,838	(27,980)
Total expenditures	10,735,849	10,740,240	10,308,777	431,463
Excess (deficiency) of revenues over (under) expenditures	(470,835)	84,724	550,057	465,333
Other financing sources (uses):				
Refund of prior year's expenditures	13,824	13,824	5,468	(8,356)
Refund of prior year's receipts	(31,466)	(30,000)	(2,986)	27,014
Transfers in	5,000	5,000	3,000	(2,000)
Transfers (out)	(12,234)	(9,600)	(12,600)	(3,000)
Advances in	1,800	136,800	-	(136,800)
Advances (out)	(1,932)	(136,800)	-	136,800
Other uses	(159)	-	(625)	(625)
Sale of capital assets	-	-	5,133	5,133
Total other financing sources (uses)	(25,167)	(20,776)	(2,610)	18,166
Net change in fund balance	(496,002)	63,948	547,447	483,499
Fund balance at beginning of year	13,201,851	13,201,851	13,201,851	-
Fund balance at end of year	\$ 12,705,849	\$ 13,265,799	\$ 13,749,298	\$ 483,499

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	Private-Purpose Trust	
	Scholarship	Custodial
Assets:		
Equity in pooled cash and investments	\$ 1,000	\$ 6,528,806
Receivables:		
Accrued interest	-	1,642
Total assets.	1,000	6,530,448
Liabilities:		
Accounts payable	-	105,723
Total liabilities	-	105,723
Net position:		
Restricted for individuals, organizations and other governments . . .	1,000	6,424,725
Total net position.	\$ 1,000	\$ 6,424,725

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Private-Purpose Trust	
	Scholarship	Custodial
Additions:		
Earnings on investments	\$ -	\$ 51,360
Contributions and donations	3,500	-
Amounts received as fiscal agent	-	11,007,938
Extracurricular collections for OHSAA	-	1,562
Total additions.	3,500	11,060,860
Deductions:		
Distributions as fiscal agent	-	4,689,360
Extracurricular distributions for OHSAA	-	1,562
Total deductions.	2,500	4,690,922
Excess (deficiency) of additions over (under) deductions	1,000	6,369,938
Other financing sources:		
Reduction of p/y expenditure	-	54,787
Total other financing sources	-	54,787
Change in net position	1,000	6,424,725
Net position at beginning of year (restated)	-	-
Net position at end of year	\$ 1,000	\$ 6,424,725

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 - DESCRIPTION OF THE DISTRICT

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

It is staffed by 9 administrators, 36 classified employees and 63 certified teaching personnel, who provide services to 882 students and other community members. The Board oversees the operations of the District's instructional/support facility.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Area Computer Services Cooperative (NOACSC)

The District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Hancock, Paulding, Putnam and Van Wert counties and the cities of St. Marys and Wapakoneta. The 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.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

The governing board of NOACSC consists of two representatives from each county, elected by majority vote of all charter member school districts within each county, plus one representative from the fiscal agent school district. Financial information is available from Ray Burden, Executive Director, at 4277 East Road, Elida, Ohio 45807.

Northwestern Ohio Educational Research Council, Inc. (NOERC)

The District is a participant in the Northwestern Ohio Educational Research Council (NOERC), which provides educational entities with a better understanding of their common educational problems, facilitates and conducts practical educational research, coordinates research among members and provides opportunities for training. NOERC serves a twenty-five county area in northwest Ohio.

The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., P.O. Box 52, Maria Stein, Ohio 45860-0052.

Vantage Career Center

The Vantage Career Center (the "Center") is a distinct political subdivision of the State of Ohio, which provides vocational education to students. The Center is operated under the direction of a Board consisting of one representative from each participating school districts' elected boards. The Board is its own budgeting and taxing authority. Financial information can be obtained from the Vantage Career Center, 818 North Franklin Street, Van Wert, Ohio, 45891.

The District also participates in two group purchasing pools for insurance, described in Note 13.

B. Fund Accounting

The 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. There are three categories of funds: governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

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

General fund -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available 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 the accumulation of property tax revenues for, and payment of, general obligation bonds and principal and interest from governmental resources when the government is obligated in some manner for payment.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

PROPRIETARY FUNDS

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's trust fund accounts for student scholarships selected by organizations outside of the District's control. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's custodial funds account for Ohio High School Athletic Association (OHSAA) tournament and the Van Wert Area School Insurance Group (VWASIG) for which the District is fiscal agent.

C. Basis of Presentation and Measurement Focus

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

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 District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donation. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Note 14 and Note 15 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

For the District, see Note 14 and 15 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each function for the general fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Van Wert County Budget Commission for rate determination.

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the original and final certificate of estimated resources issued during the fiscal year.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at any level of control. Any revisions that alter the legal level of budgetary control must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

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

F. Cash and Investments

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

During fiscal year 2020, investments were limited to non-negotiable certificates of deposit and State Treasury Asset Reserve of Ohio (STAR Ohio). Investments for the VWASIG were limited to Federal Home Loan Bank (FHLB) securities, Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities and STAR Ohio. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

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

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the District, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2020 amounted to \$313,816, which includes \$51,628 assigned from other funds.

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

An analysis of the District's investment account at year end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis. Inventories are accounted for using the consumption method on the government wide financial statements.

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

H. Capital Assets

General capital 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.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value of the date received. The District maintains a capitalization threshold of \$2,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. The District does not possess infrastructure.

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>Governmental Activities Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	25 - 50 years
Furniture, fixtures and equipment	5 - 20 years
Vehicles	10 years

I. Interfund Balances

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

J. Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”. Vacation absences are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is an estimate based on the District’s past experience of making termination payments for sick leave.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2020 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

K. Accrued Liabilities and Long-Term Obligations

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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, 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 year. Bonds and capital leases are recognized as a liability on the financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

L. Fund Balance

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

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

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

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

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

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

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

M. Net Position

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

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

N. Bond Issuance Costs, Unamortized Bond Premiums and Discounts, and Deferred Charges on Debt Refunding

On both the government-wide financial statements and the fund financial statements, bond issuance costs are recognized in the period in which they are incurred.

On the government-wide financial statements, bond premiums and discounts are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds and bond discounts are presented as a reduction to the face amount of the bonds. On the governmental fund financial statements, bond premiums and discounts are recognized in the period in which these items are incurred. The reconciliation between the face value of bonds and the amount reported on the statement of net position is presented in Note 10.

For current and advance refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the refunded debt is amortized as a component of interest expense. This accounting gain or loss on refunding is amortized over the remaining term of the old debt or the term of the new debt, whichever is shorter, and is presented on the statement of net position as a deferred inflow of resources or a deferred outflow of resources.

O. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

P. Estimates

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Q. Interfund Activity

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

R. Pensions/Other Postemployment Benefits (OPEB)

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

S. Fair Value

The 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.

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2020.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2020, the District has implemented GASB Statement No. 84, "*Fiduciary Activities*" and GASB Statement No. 90, "*Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61*".

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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

B. Restatement of Net Position and Fund Balances

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

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Fund Balance as previously reported	\$ 13,597,834	\$ 871,731	\$ 2,010,256	\$ 16,479,821
GASB Statement No. 84	-	-	72,394	72,394
Restated Fund Balance, at June 30, 2019	<u>\$ 13,597,834</u>	<u>\$ 871,731</u>	<u>\$ 2,082,650</u>	<u>\$ 16,552,215</u>

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

	Governmental Activities
Net position as previously reported	\$ 24,217,193
GASB Statement No. 84	<u>72,394</u>
Restated net position at June 30, 2019	<u>\$ 24,289,587</u>

Due to the implementation of GASB Statement No.84, the new classification of custodial funds is reporting a beginning net position of \$0. Also, related to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. At June 30, 2019, agency funds reported assets and liabilities of \$51,900.

Due to the implementation of GASB Statement No.84, private-purpose trust funds are reporting a beginning net position of \$0. The District has reclassified previous private-purpose trust fund balances of \$20,494 to governmental funds.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Deficit Fund Balances

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

<u>Nonmajor funds</u>	<u>Deficit</u>
Title VI-B	\$ 10,707
Title I	4,391

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
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;

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

A. Cash on Hand

At fiscal year end, the District had \$3,530 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments."

B. Deposits with Financial Institutions

At June 30, 2020, the carrying amount of all District deposits was \$10,551,255, including nonnegotiable certificate of deposit of \$6,178,512. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2020, \$8,928,272 of the District's bank balance of \$10,698,344 was exposed to custodial risk as discussed below, while \$1,770,072 was covered by the FDIC.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

C. Investments

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

<u>Measurement/Investment Type:</u>	<u>Measurement Value</u>	<u>Investment Maturities</u>		
		<u>6 months or less</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>
<i>Fair value:</i>				
FHLB	\$ 204,568	\$ -	\$ 100,975	\$ 103,593
FFCB	51,214	-	-	51,214
FHLMC	62,000	-	-	62,000
<i>Amortized Cost:</i>				
STAR Ohio	<u>12,444,342</u>	<u>12,444,342</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 12,762,124</u>	<u>\$ 12,444,342</u>	<u>\$ 100,975</u>	<u>\$ 216,807</u>

The weighted average of maturity of investments is 0.04 years.

The District's investments in federal agency securities (FHLB, FFCB, FHLMC) are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: The 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 District and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: The District's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio and the U.S. Government money market an AAAM money market rating. Ohio Law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

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

<u>Measurement/Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Fair value:</i>		
FHLB	\$ 204,568	1.60
FFCB	51,214	0.40
FHLMC	62,000	0.49
<i>Amortized Cost:</i>		
STAR Ohio	<u>12,444,342</u>	<u>97.51</u>
Total	<u>\$ 12,762,124</u>	<u>100.00</u>

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

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

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 10,551,255
Investments	12,762,124
Cash on hand	<u>3,530</u>
Total	<u>\$ 23,316,909</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 16,787,103
Private-purpose trust fund	1,000
Custodial funds	<u>6,528,806</u>
Total	<u>\$ 23,316,909</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2020 as reported on the fund statements include the following amounts due to and due from other funds:

<u>Due to</u>	<u>Due from</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 41,493</u>

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

The purpose of amounts due to/from other funds is to cover negative cash balances in the nonmajor governmental funds. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year. Interfund balances between governmental funds are eliminated on the statement of net position.

- B.** Interfund transfers for the year ended June 30, 2020, consisted of the following, as reported on the fund financial statement:

<u>Transfers from the general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ <u>10,606</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

All transfers made during fiscal year 2020 were made in accordance with Ohio Revised Code Sections 5704.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

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

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

The District receives property taxes from Van Wert County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount available as an advance at June 30, 2020 was \$243,701 in the general fund, \$72,777 in the bond retirement fund, \$2,616 in classroom facilities maintenance fund (a nonmajor governmental fund) and \$11,168 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available as an advance at June 30, 2019 was \$1,175,762 in the general fund, \$325,153 in the bond retirement fund, \$12,982 in classroom facilities maintenance fund (a nonmajor governmental fund) and \$55,483 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 6 - PROPERTY TAXES - (Continued)

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

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

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

	2019 Second Half Collections		2020 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 144,309,140	95.80	\$ 153,823,900	95.76
Public utility personal	<u>6,333,040</u>	<u>4.20</u>	<u>6,816,120</u>	<u>4.24</u>
Total	<u>\$ 150,642,180</u>	<u>100.00</u>	<u>\$ 160,640,020</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$52.00		\$52.30	

NOTE 7 - PAYMENT IN LIEU OF TAXES

According to State law, Van Wert County has entered into agreements with property owners under which the County granted property tax abatements to those property owners. The property owners have agreed to make payments to the District which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The agreements provide for a portion of these payments to be made to the District. The property owners' contractually promise to make these payments in lieu of taxes until the agreement expires. The District recorded \$419,378 in payments in lieu of taxes on a modified accrual basis during fiscal year 2020.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2020 consisted of property taxes, payment in lieu of taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements and accrued interest. 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.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8 - RECEIVABLES - (Continued)

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

Governmental activities:

Property taxes	\$ 4,611,702
Payment in lieu of taxes	419,378
Accounts	674
Accrued interest	76,144
Intergovernmental	<u>222,302</u>
 Total receivables	 <u>\$ 5,330,200</u>

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

NOTE 9 - CAPITAL ASSETS

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

	Balance <u>06/30/19</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>06/30/20</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	<u>\$ 130,323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,323</u>
Total capital assets, not being depreciated	<u>130,323</u>	<u>-</u>	<u>-</u>	<u>130,323</u>
Capital assets, being depreciated:				
Land improvements	2,435,173	221,535	-	2,656,708
Buildings and improvements	27,519,995	41,004	(10,693)	27,550,306
Furniture, fixtures and equipment	2,643,431	186,246	(5,800)	2,823,877
Vehicles	<u>1,278,117</u>	<u>185,278</u>	<u>-</u>	<u>1,463,395</u>
Total capital assets, being depreciated	<u>33,876,716</u>	<u>634,063</u>	<u>(16,493)</u>	<u>34,494,286</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,572,370)	(93,694)	-	(1,666,064)
Building and improvements	(5,993,920)	(567,179)	3,924	(6,557,175)
Furniture, fixtures and equipment	(1,650,520)	(151,172)	5,800	(1,795,892)
Vehicles	<u>(939,255)</u>	<u>(83,504)</u>	<u>-</u>	<u>(1,022,759)</u>
Total accumulated depreciation	<u>(10,156,065)</u>	<u>(895,549)</u>	<u>9,724</u>	<u>(11,041,890)</u>
Governmental activities capital assets, net	<u>\$ 23,850,974</u>	<u>\$ (261,486)</u>	<u>\$ (6,769)</u>	<u>\$ 23,582,719</u>

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 474,353
Special	21,145
Vocational	20,670
<u>Support Services:</u>	
Pupil	5,683
Instructional staff	11,589
Administration	14,319
Fiscal	2,953
Operations and maintenance	138,073
Pupil transportation	95,395
Central	7,034
Food service operations	10,514
Extracurricular activities	<u>93,821</u>
Total depreciation expense	<u>\$ 895,549</u>

NOTE 10 - LONG-TERM OBLIGATIONS

A. During fiscal year 2020, the following activity occurred in long-term obligation:

	Balance			Balance	Amounts
	<u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2020</u>	<u>Due Within</u>
					<u>One Year</u>
General obligation bonds:					
Series 2015, refunding current interest bonds	\$ 6,970,000	\$ -	\$ (805,000)	\$ 6,165,000	\$ 850,000
Capital lease obligation	66,132	10,811	(14,715)	62,228	16,262
Compensated absences	370,892	51,533	(27,238)	395,187	29,819
Net pension liability	9,871,870	275,697	-	10,147,567	-
Net OPEB liability	<u>872,391</u>	<u>-</u>	<u>(51,113)</u>	<u>821,278</u>	<u>-</u>
Total	<u>\$ 18,151,285</u>	<u>\$ 338,041</u>	<u>\$ (898,066)</u>	17,591,260	<u>\$ 896,081</u>
Add: Unamortized premium on bonds				<u>240,805</u>	
Total on Statement of Net Position				<u>\$ 17,832,065</u>	

Series 2015 refunding bonds - On March 19, 2015, the District issued various purpose refunding bonds (series 2015 refunding bonds) to refund \$3,175,000 of the series 2005 refunding bonds, \$2,460,000 of the series 2006 building improvement bonds, and \$4,370,000 of the series 2006 classroom facilities bonds. The refunding issue is comprised of current interest bonds, par value \$9,470,000. The interest rate on the current interest bonds range from 2 to 3.5 percent. Interest payments on the bonds are due on June 1 and December 1 of each year. The final stated maturity of the current interest bonds is December 1, 2029. The bonds will be retired from the bond retirement fund.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The series 2005 refunding bonds in the amount of \$3,175,000 were refunded through the purchase of U.S. Treasury obligations having the amounts and maturities to generate a cash flow sufficient to meet the principal and interest payments due over the life of the remaining bonds. The investments and the uninvested cash are being held in an irrevocable trust. The series 2005, refunding bonds are considered defeased (in-substance) and accordingly, have been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$70,466

A portion of the series 2006 building improvement bonds in the amount of \$2,405,000 were refunded through the purchase of U.S. Treasury obligations having the amounts and maturities to generate a cash flow sufficient to meet the principal and interest payments due over the life of the remaining bonds. The investments and the uninvested cash are being held in an irrevocable trust. The series 2006, building improvement bonds are considered defeased (in-substance) and accordingly, have been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$108,423.

A portion of the series 2006 classroom facilities bonds in the amount of \$4,260,000 were refunded through the purchase of U.S. Treasury obligations having the amounts and maturities to generate a cash flow sufficient to meet the principal and interest payments due over the life of the remaining bonds. The investments and the uninvested cash are being held in an irrevocable trust. The series 2006, classroom facilities bonds are considered defeased (in-substance) and accordingly, have been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$194,180.

The scheduled payments of principal and interest on debt outstanding at June 30, 2020 are as follows:

Fiscal Year Ended	Current Interest Bonds		
	Principal	Interest	Total
2021	\$ 850,000	\$ 167,688	\$ 1,017,688
2022	880,000	150,387	1,030,387
2023	915,000	127,863	1,042,863
2024	935,000	100,112	1,035,112
2025	470,000	79,038	549,038
2026 - 2030	<u>2,115,000</u>	<u>153,893</u>	<u>2,268,893</u>
Total	<u>\$ 6,165,000</u>	<u>\$ 778,981</u>	<u>\$ 6,943,981</u>

Capital Lease Obligation - See Note 11 for more detail.

Compensated absences - Compensated absences are paid from the fund which the employee is paid which includes the general fund and the following nonmajor governmental funds: food service, special enterprise, IDEA part-B and Title I.

Net Pension Liability - See Note 14 for detail on the District's net pension liability. The District pays obligation related to employee compensation from the fund benefitting from their service.

Net OPEB Liability/Asset - See Note 15 for detail on the District's net OPEB liability/asset. The District pays obligation related to employee compensation from the fund benefitting from their service.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2020, are a voted debt margin of \$8,960,586 (including available funds of \$667,984) and an unvoted debt margin of \$160,640.

NOTE 11 - CAPITAL LEASE OBLIGATION

In the current and in a prior fiscal year, the District entered into capitalized leases for copier equipment. This lease agreement meets the criteria of capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$82,004. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2020 was \$18,699, leaving a current book value of \$63,305. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2020 totaled \$14,715 paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2020:

Fiscal Year Ending June 30	Amount
2021	\$ 19,004
2022	19,004
2023	19,004
2024	11,086
Total minimum lease payments	68,098
Less: amount representing interest	(5,870)
Total	\$ 62,228

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 190 days for eligible personnel. Upon retirement, payment is made for 25% of accrued, but unused sick leave credit up to a maximum of 120 days for classified staff. For certified staff, payment is made for 25% of accrued, but unused sick leave credit up to a maximum of 35 days. Certified staff will receive 3.33% of all days in excess of 140 days to a maximum of \$1,000 for the second tier calculation.

B. Health Care Benefits

The District provides medical, dental, vision and life insurance to all employees through the Van Wert Area School Insurance Group (Note 13). Depending upon the plan chosen, the employees share the cost of the monthly premium with the Board. The premium varies depending on the terms of the union contract.

NOTE 13 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2020, the District contracted for the following insurance coverage through the Phelan Insurance Agency:

Commercial property contents - replacement cost (\$2,500 deductible)	\$46,691,675
General liability (\$2,000,000 aggregate)	1,000,000
Per occurrence (includes \$4,000,000 umbrella)	5,000,000
Total per year	6,000,000
 Errors and omissions (\$5,000 deductible)	 1,000,000

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three year fiscal years. There has been no significant reduction in amounts of insurance coverage from the previous fiscal year.

GROUP PURCHASING POOLS

Ohio School Comp Group Rating Program (GRP) - The District participates in a group rating program (GRP) for workers' compensation as established under Ohio Revised Code Section 4123.29. The Group Rating Plan was established through the Ohio School Board Association and the Ohio Association of School Business Officials as a group insurance purchasing pool. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the Program.

The intent of the Program is to achieve the benefit of a reduced premium for the District by reducing the District's individual rate based on prior claims. The District pays its workers' compensation premium to the State based on the individual rate and may also pay additional workers' compensation assessments. The District may also be available to receive a refund for overpayment of premiums.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - RISK MANAGEMENT - (Continued)

The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

Van Wert Area School Insurance Group (VWASIG) - The VWASIG is a public entity shared risk pool consisting of five members. VWASIG is a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code to provide life insurance and pay medical/surgical, prescription drug, and dental benefits of employees and their covered dependents. The medical insurance program operates under the control of a Board of Trustees representing the member schools and is administered by Anthem through a Third Party Administrator, Huntington Insurance. Each member appoints a representative to the Board of Trustees. The Board of Trustees is the legislative and managerial body of VWASIG. Effective November 1, 2019, the Lincolnview Local School District was appointed to serve as the Fiscal Agent for VWASIG. Financial information is accounted for in a custodial fund within the District's accounting records and can be obtained from the Lincolnview Local School District, 15945 Middle Point Road, Van Wert, Ohio 45891. Financial information prior to November 1, 2019 can be obtained from the Van Wert City School District, 205 West Crawford Street, Van Wert, Ohio 45891.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the District.

NOTE 14 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

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

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0%.

The District’s contractually required contribution to SERS was \$162,752 for fiscal year 2020. Of this amount, \$11,475 is reported as pension and postemployment benefits payable.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2020, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$639,045 for fiscal year 2020. Of this amount, \$110,084 is reported as pension and postemployment benefits payable.

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.03110960%	0.03679396%	
Proportion of the net pension liability current measurement date	<u>0.03195220%</u>	<u>0.03724185%</u>	
Change in proportionate share	<u>0.00084260%</u>	<u>0.00044789%</u>	
Proportionate share of the net pension liability	\$ 1,911,756	\$ 8,235,811	\$ 10,147,567
Pension expense	\$ 293,849	\$ 1,243,953	\$ 1,537,802

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 48,479	\$ 67,053	\$ 115,532
Changes of assumptions	-	967,454	967,454
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	28,344	237,368	265,712
Contributions subsequent to the measurement date	<u>162,752</u>	<u>639,045</u>	<u>801,797</u>
Total deferred outflows of resources	<u>\$ 239,575</u>	<u>\$ 1,910,920</u>	<u>\$ 2,150,495</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 35,650	\$ 35,650
Net difference between projected and actual earnings on pension plan investments	24,538	402,520	427,058
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>23,687</u>	<u>-</u>	<u>23,687</u>
Total deferred inflows of resources	<u>\$ 48,225</u>	<u>\$ 438,170</u>	<u>\$ 486,395</u>

\$801,797 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2021	\$ 49,332	\$ 606,538	\$ 655,870
2022	(33,016)	170,856	137,840
2023	(1,635)	(5,795)	(7,430)
2024	<u>13,917</u>	<u>62,106</u>	<u>76,023</u>
Total	<u>\$ 28,598</u>	<u>\$ 833,705</u>	<u>\$ 862,303</u>

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.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

For 2019, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 2,679,054	\$ 1,911,756	\$ 1,268,281

Actuarial Assumptions - STRS

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

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

For the July 1, 2019, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

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

	Current		
	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 12,035,721	\$ 8,235,811	\$ 5,018,993

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/asset. Resulting adjustments to the net OPEB liability/asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description - School Employees Retirement System (SERS)

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the District's surcharge obligation was \$22,026.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$22,026 for fiscal year 2020. Of this amount, \$22,026 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.03144580%	0.03679396%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.03265790%</u>	<u>0.03724185%</u>	
Change in proportionate share	<u>0.00121210%</u>	<u>0.00044789%</u>	
Proportionate share of the net OPEB liability	\$ 821,278	\$ -	\$ 821,278
Proportionate share of the net OPEB asset	\$ -	\$ (616,814)	\$ (616,814)
OPEB expense	\$ 17,564	\$ (179,949)	\$ (162,385)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 12,055	\$ 55,918	\$ 67,973
Net difference between projected and actual earnings on OPEB plan investments	1,972	-	1,972
Changes of assumptions	59,985	12,965	72,950
Difference between employer contributions and proportionate share of contributions/change in proportionate share	29,150	45,960	75,110
Contributions subsequent to the measurement date	<u>22,026</u>	<u>-</u>	<u>22,026</u>
Total deferred outflows of resources	<u>\$ 125,188</u>	<u>\$ 114,843</u>	<u>\$ 240,031</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 180,429	\$ 31,381	\$ 211,810
Net difference between projected and actual earnings on OPEB plan investments	-	38,737	38,737
Changes of assumptions	46,022	676,264	722,286
Difference between employer contributions and proportionate share of contributions/change in proportionate share	<u>28,789</u>	<u>-</u>	<u>28,789</u>
Total deferred inflows of resources	<u>\$ 255,240</u>	<u>\$ 746,382</u>	<u>\$ 1,001,622</u>

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

\$22,026 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	\$ (53,852)	\$ (138,339)	\$ (192,191)
2022	(23,861)	(138,337)	(162,198)
2023	(23,284)	(122,810)	(146,094)
2024	(23,380)	(117,368)	(140,748)
2025	(19,707)	(116,889)	(136,596)
Thereafter	(7,994)	2,204	(5,790)
Total	\$ (152,078)	\$ (631,539)	\$ (783,617)

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.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13%, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.62% was used as of June 30, 2018. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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

	1% Decrease	Current Discount Rate	1% Increase
	District's proportionate share of the net OPEB liability	\$ 996,875	\$ 821,278

	1% Decrease	Current Trend Rate	1% Increase
	District's proportionate share of the net OPEB liability	\$ 658,010	\$ 821,278

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
	District's proportionate share of the net OPEB asset	\$ 526,328	\$ 616,814

	1% Decrease	Current Trend Rate	1% Increase
	District's proportionate share of the net OPEB asset	\$ 699,439	\$ 616,814

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 547,447
Net adjustment for revenue accruals	(968,181)
Net adjustment for expenditure accruals	(47,191)
Net adjustment for other sources/uses	8,954
Funds budgeted elsewhere	(1,515)
Year-end encumbrances	-
GAAP basis	\$ (460,486)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the special rotary fund and the public school support fund.

NOTE 17 - SET-ASIDES

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 17 - SET-ASIDES - (Continued)

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2019	\$ -
Current year set-aside requirement	160,167
Current year qualifying expenditures	-
Current year offsets	<u>(223,955)</u>
Total	<u>\$ (63,788)</u>
Balance carried forward to fiscal year 2021	<u>\$ -</u>
Set-aside balance June 30, 2020	<u>\$ -</u>

NOTE 18 - CONTINGENCIES

A. Grants

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

B. Litigation

There are no legal matters in litigation with the District as defendant.

C. Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. ODE adjustments for fiscal year 2020 have been finalized and resulted in a receivable to the District of \$8,121. This amount is not included on the accompanying financial statements.

NOTE 19 - ENDOWMENTS

The District's special revenue funds included 2 donor restricted endowments. The endowments, in the amount of \$19,850, represents the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the District is \$4,643 for 2020 and is included as held in trust for scholarships. State law permits the District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowment indicates that the interest should be used for the special education program.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 20 - CONTRACTUAL COMMITMENTS

The District has entered into contracts with Marsh Foundation School. The students who attend Marsh Foundation School are by court order or other placement. The school is located in the District and these students are entitled to an education from the District by State law. The District provides materials and teaching personnel for the education of these students. They are then reimbursed for the excess costs at the end of the fiscal year.

NOTE 21 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Enterprise Zones

Van Wert County entered into property tax abatement agreements with local businesses under Enterprise Zone tax abatement agreements. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. The agreements affect the property tax receipts collected and distributed to the District. Under the agreements, the District's property taxes were reduced by \$35,592 during fiscal year 2020.

NOTE 22 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. The District's investment portfolio and the investments of the pension and other employee benefit plans are subject to increased market volatility, which could result in a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.03195220%	0.03110960%	0.03180900%	0.03293210%
District's proportionate share of the net pension liability	\$ 1,911,756	\$ 1,781,704	\$ 1,900,517	\$ 2,410,326
District's covered payroll	\$ 1,111,000	\$ 1,028,119	\$ 973,457	\$ 1,060,386
District's proportionate share of the net pension liability as a percentage of its covered payroll	172.08%	173.30%	195.23%	227.31%
Plan fiduciary net position as a percentage of the total pension liability	70.85%	71.36%	69.50%	62.98%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.03214680%	0.03027700%	0.03027700%
\$ 1,834,328	\$ 1,532,302	\$ 1,800,476
\$ 967,785	\$ 879,784	\$ 916,452
189.54%	174.17%	196.46%
69.16%	71.70%	65.52%

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.03724185%	0.03679396%	0.03572267%	0.03534442%
District's proportionate share of the net pension liability	\$ 8,235,811	\$ 8,090,166	\$ 8,485,997	\$ 11,830,843
District's covered payroll	\$ 4,392,907	\$ 4,238,736	\$ 3,954,586	\$ 3,755,657
District's proportionate share of the net pension liability as a percentage of its covered payroll	187.48%	190.86%	214.59%	315.01%
Plan fiduciary net position as a percentage of the total pension liability	77.40%	77.31%	75.30%	66.80%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.03492158%	0.03547837%	0.03547837%
\$ 9,651,303	\$ 8,629,567	\$ 10,279,484
\$ 3,719,914	\$ 3,624,908	\$ 3,679,262
259.45%	238.06%	279.39%
72.10%	74.70%	69.30%

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 162,752	\$ 149,985	\$ 138,796	\$ 136,284
Net pension liability contractually required contribution	<u>(162,752)</u>	<u>(149,985)</u>	<u>(138,796)</u>	<u>(136,284)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,162,514	\$ 1,111,000	\$ 1,028,119	\$ 973,457
Contributions as a percentage of covered payroll	14.00%	13.50%	13.50%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 148,454	\$ 127,554	\$ 121,938	\$ 126,837	\$ 122,844	\$ 114,907
<u>(148,454)</u>	<u>(127,554)</u>	<u>(121,938)</u>	<u>(126,837)</u>	<u>(122,844)</u>	<u>(114,907)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,060,386	\$ 967,785	\$ 879,784	\$ 916,452	\$ 913,338	\$ 914,137
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 639,045	\$ 615,007	\$ 593,423	\$ 553,642
Net pension liability contractually required contribution	<u>(639,045)</u>	<u>(615,007)</u>	<u>(593,423)</u>	<u>(553,642)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 4,564,607	\$ 4,392,907	\$ 4,238,736	\$ 3,954,586
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 525,792	\$ 520,788	\$ 471,238	\$ 478,304	\$ 483,514	\$ 507,560
<u>(525,792)</u>	<u>(520,788)</u>	<u>(471,238)</u>	<u>(478,304)</u>	<u>(483,514)</u>	<u>(507,560)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,755,657	\$ 3,719,914	\$ 3,624,908	\$ 3,679,262	\$ 3,719,338	\$ 3,904,308
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.03265790%	0.03144580%	0.32182600%	0.03327819%
District's proportionate share of the net OPEB liability	\$ 821,278	\$ 872,391	\$ 863,696	\$ 948,552
District's covered payroll	\$ 1,111,000	\$ 1,028,119	\$ 973,457	\$ 1,060,386
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	73.92%	84.85%	88.72%	89.45%
Plan fiduciary net position as a percentage of the total OPEB liability	15.57%	13.57%	12.46%	11.49%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability/asset	0.03724185%	0.03679396%	0.03572267%	0.03534442%
District's proportionate share of the net OPEB liability/(asset)	\$ (616,814)	\$ (591,241)	\$ 1,393,767	\$ 1,890,229
District's covered payroll	\$ 4,392,907	\$ 4,238,736	\$ 3,954,586	\$ 3,755,657
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.04%	13.95%	35.24%	50.33%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	176.00%	176.00%	47.10%	37.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 22,026	\$ 25,081	\$ 21,619	\$ 17,095
Net OPEB liability contractually required contribution	<u>(22,026)</u>	<u>(25,081)</u>	<u>(21,619)</u>	<u>(17,095)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,162,514	\$ 1,111,000	\$ 1,028,119	\$ 973,457
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 16,432	\$ 15,174	\$ 16,249	\$ 14,210	\$ 5,023	\$ 13,072
<u>(16,432)</u>	<u>(15,174)</u>	<u>(16,249)</u>	<u>(14,210)</u>	<u>(5,023)</u>	<u>(13,072)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,060,386	\$ 967,785	\$ 879,784	\$ 916,452	\$ 913,338	\$ 914,137
0.00%	0.82%	0.14%	0.16%	0.55%	1.43%

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Net OPEB liability contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 4,564,607	\$ 4,392,907	\$ 4,238,736	\$ 3,954,586
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ -	\$ -	\$ 36,782	\$ 36,793	\$ 37,193	\$ 39,043
-	-	(36,782)	(36,793)	(37,193)	(39,043)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,755,657	\$ 3,719,914	\$ 3,624,908	\$ 3,679,262	\$ 3,719,338	\$ 3,904,308
0.00%	0.00%	1.00%	1.00%	1.00%	1.00%

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2020.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2020.

(Continued)

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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

OHIO AUDITOR OF STATE KEITH FABER



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

Lincolnview Local School District
Van Wert County
15945 Middle Point Road
Van Wert, Ohio 45891

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lincolnview Local School District, Van Wert County, (the District) as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated April 11, 2022, where in we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express

an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

April 11, 2022

OHIO AUDITOR OF STATE KEITH FABER



LINCOLNVIEW LOCAL SCHOOL DISTRICT

VAN WERT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/5/2022

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

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