OHIO AUDITOR OF STATE
KEITH FABER

MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY

TABLE OF CONTENTS

MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY

TABLE OF CONTENTS
(Continued)

OHIO AUDITOR OF STATE
KEITH FABER

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

INDEPENDENT AUDITOR'S REPORT

Midview Local School District
Lorain County
13050 Durkee Road
Grafton, Ohio 44044

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 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

July 21, 2022

This page intentionally left blank.

Our discussion and analysis of the Midview Local School District's (the "District") financial performance provides an overview 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 notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- For the fiscal year ended June 30, 2021, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities.* The implementation of this statement resulted in the restatement of net position and fund balances as of June 30, 2020 for governmental activities, and other governmental funds. See Note 3 for additional information regarding the restatements.

- In total, net position increased $1,932,376. Net position of governmental activities increased $2,058,309 from 2020 net position, while the net position of business-type activities decreased $125,933 from 2020 net position.

- General revenues accounted for $35,673,349 while program specific revenues in the form of charges for services, grants and contributions accounted for $6,421,505.

- The District had $39,232,975 in expenses related to governmental activities; only $5,658,906 of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily taxes and unrestricted grants and entitlements), and program revenues were adequate to provide for these programs resulting in an increase of net position from a restated balance of $12,376,476 to $14,434,785.

- The District had $929,503 in expenses related to business-type activities; only $762,599 of these expenses were offset by program specific charges for services, grants and contributions.

Using these Basic Financial Statements

This basic financial statement report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole, and 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 non-major funds presented in total in one column. In the case of the District, the general fund is by far the most significant fund, and is the only governmental fund reported as a major fund.

Reporting the District as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets (non-fiduciary), deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net position and changes in it. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the District.

In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct kinds of activities:

> Governmental Activities – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
>
> Business-type Activities – These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District's food service operations are reported as business-type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Our analysis of the District's major governmental funds begins on page 13. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's three types of funds, governmental, proprietary, and fiduciary, use different accounting approaches as further described in the notes to the basic financial statements.

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 other financial assets that can be readily converted to cash. The governmental fund 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 less financial resources available to spend in the near future to finance the District's 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.

Proprietary Funds

Proprietary funds use the accrual basis of accounting, the same as on the entity-wide statements. Therefore, the statements will essentially match the business-type activities portion of the entity-wide statements.

Fiduciary Funds

The District's fiduciary activities are reported in separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. The District's fiduciary activities account for collections and disbursements for the Ohio High School Athletic Association. This activity is reported in a custodial fund. This activity is excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

The District as a Whole

The Statement of Net Position provides the perspective of the District as a whole. The table on the following page provides a summary of the District's net position for 2021 and 2020.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	Restated 2020	2021	2020	2021	Restated 2020
Current and other assets	$ 58,293,899	$ 54,816,639	$ 47,487	$ 107,224	$ 58,341,386	$ 54,923,863
Net OPEB asset	2,109,618	1,986,488	-	-	2,109,618	1,986,488
Capital assets, net	35,910,972	34,079,172	125,179	144,657	36,036,151	34,223,829
Total assets	96,314,489	90,882,299	172,666	251,881	96,487,155	91,134,180
Deferred outflows of resources:						
Deferred charge on refunding	624,315	688,622	-	-	624,315	688,622
Pension	6,279,180	6,371,647	104,582	72,275	6,383,762	6,443,922
OPEB	845,511	598,025	56,566	34,673	902,077	632,698
Total deferred outflows of resources	7,749,006	7,658,294	161,148	106,948	7,910,154	7,765,242
Current liabilities	4,829,880	4,020,366	86,676	76,082	4,916,556	4,096,448
Long-term liabilities:						
Due within one year	1,777,351	1,691,010	24,243	24,639	1,801,594	1,715,649
Other long-term items	21,313,055	22,602,181	47,244	28,182	21,360,299	22,630,363
Net pension liability	36,735,057	33,497,600	737,472	668,709	37,472,529	34,166,309
Net OPEB liability	2,514,045	3,008,918	241,074	288,527	2,755,119	3,297,445
Total liabilities	67,169,388	64,820,075	1,136,709	1,086,139	68,306,097	65,906,214
Deferred inflows of resources:						
Property taxes	17,671,871	15,780,368	-	-	17,671,871	15,780,368
Payment in lieu of taxes	565,349	644,363	-	-	565,349	644,363
Pension	313,805	1,664,159	1,018	11,521	314,823	1,675,680
OPEB	3,908,297	3,255,152	141,769	80,918	4,050,066	3,336,070
Total deferred inflows of resources	22,459,322	21,344,042	142,787	92,439	22,602,109	21,436,481
Net investment in capital assets	17,531,670	18,275,476	125,179	144,657	17,656,849	18,420,133
Restricted for:						
Capital projects	4,108,705	2,775,534	-	-	4,108,705	2,775,534
Debt service	2,700	2,700	-	-	2,700	2,700
Other purposes	1,972,880	1,400,997	-	-	1,972,880	1,400,997
Unrestricted (deficit)	(9,181,170)	(10,078,231)	(1,070,861)	(964,406)	(10,252,031)	(11,042,637)
Total net position (deficit)	$ 14,434,785	$ 12,376,476	$ (945,682)	$ (819,749)	$ 13,489,103	$ 11,556,727

The District follows Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27* and GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to pensions and other postemployment benefits (OPEB). 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 net OPEB asset.

Governmental Accounting Standards Board 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 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/asset, respectively, not accounted for as deferred inflows/outflows. As of June 30, 2021, there is no expectation that the District will be required to increase pension/OPEB funding to cover the net pension/OPEB liability.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the District, total assets and deferred outflows of resources exceed total liabilities and deferred inflows by $13,489,103 at the close of the most recent fiscal year. During fiscal year 2021, the District's net position increased $1,932,376.

A portion of the District's net position reflects investments in capital assets (e.g., land, construction in progress, buildings, improvements, machinery and equipment and vehicles), less any related debt to acquire or construct those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Total assets and deferred outflows of resources increased by $5,497,887 from 2020 to 2021, while the District's total liabilities and deferred inflows of resources increased by $3,565,511. The main sources for the increase in assets and deferred outflows was related to increases in equity in pooled cash and cash equivalents, property tax receivable and capital assets. Equity in pooled cash and cash equivalents increased as the District additional COVID-19 funding. The property tax receivable increased as total delinquencies billed at June 30, 2021 increased compared to the prior year. Capital assets increased due to the roof repair project that was still ongoing at year-end.

The main sources for the increase in liabilities and deferred inflows of resources related to an increase in the net pension liability and deferred inflows related to property taxes, which were offset by a decrease in deferred inflows related to pension. The change in the net pension liability and deferred inflows related to pension are due to changes in the retirement systems unfunded liabilities that are passed through to the District's financial statements. The increase in deferred inflows related to property taxes was due to a decrease in the amounts available as an advance from the County.

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

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	$ 4,024,363	$ 4,623,067	$ 27,768	$ 241,268	$ 4,052,131	$ 4,864,335
Operating grants and contributions	1,600,351	1,297,734	734,831	460,102	2,335,182	1,757,836
Capital grants and contributions	34,192	40,000	-	-	34,192	40,000
Total program revenues	5,658,906	5,960,801	762,599	701,370	6,421,505	6,662,171
General revenues:						
Property taxes	18,955,020	18,967,157	-	-	18,955,020	18,967,157
Grants and entitlements	16,054,670	14,052,411	-	-	16,054,670	14,052,411
Investment earnings	51,869	490,122	971	-	52,840	490,122
Other	610,819	242,113	-	-	610,819	242,113
Total general revenues	35,672,378	33,751,803	971	-	35,673,349	33,751,803
Total revenues	41,331,284	39,712,604	763,570	701,370	42,094,854	40,413,974
Expenses:						
Program expenses:						
Instruction:						
Regular	20,482,861	19,863,383	-	-	20,482,861	19,863,383
Special	4,467,681	4,314,508	-	-	4,467,681	4,314,508
Vocational	109,664	205,025	-	-	109,664	205,025
Other	135,866	153,944	-	-	135,866	153,944
Support services:						
Pupil	2,297,795	1,895,674	-	-	2,297,795	1,895,674
Instructional staff	1,176,472	1,178,647	-	-	1,176,472	1,178,647
Board of education	169,373	285,242	-	-	169,373	285,242
Administration	2,765,166	2,535,889	-	-	2,765,166	2,535,889
Fiscal	878,604	812,406	-	-	878,604	812,406
Business	64,228	49,758	-	-	64,228	49,758
Operation and maintenance - plant	3,176,648	3,804,763	-	-	3,176,648	3,804,763
Pupil transportation	1,996,985	2,018,403	-	-	1,996,985	2,018,403
Central	51,986	62,823	-	-	51,986	62,823
Operation of non - instructional services:						
Community services	7,096	3,311	-	-	7,096	3,311
Extracurricular activities	873,346	985,727	-	-	873,346	985,727
Interest and fiscal charges	579,204	920,398	-	-	579,204	920,398
Food service	-	-	929,503	799,788	929,503	799,788
Total expenses	39,232,975	39,089,901	929,503	799,788	40,162,478	39,889,689
Change in net position before special item	2,098,309	622,703	(165,933)	(98,418)	1,932,376	524,285
Special item	-	(351,006)	-	-	-	(351,006)
Transfers	(40,000)	-	40,000	-	-	-
Change in net position	2,058,309	271,697	(125,933)	(98,418)	1,932,376	173,279
Net position at beginning of year, restated	12,376,476	12,104,779	(819,749)	(721,331)	11,556,727	11,383,448
Net position at end of year	$ 14,434,785	$ 12,376,476	$ (945,682)	$ (819,749)	$ 13,489,103	$ 11,556,727

Effects of GASB 68 and GASB 75

Under GASB 68, pension expense represents additional amounts earned based on a proportionate share of the pension fund liability adjusted by a corresponding proportionate share of deferred outflows and inflows. Under GASB 68, the pension expense for 2021 is $4,768,724, while in 2020 pension expense was $4,890,771. The District was required to contribute $2,763,201 and $2,678,089 during 2021 and 2020, respectively.

Under GASB 75, OPEB expense represents additional amounts earned based on a proportionate share of the OPEB fund liability adjusted by a corresponding proportionate share of deferred outflows and inflows. Under GASB 75, the OPEB expense for 2021 is $(146,801), while in 2020 OPEB expense was $(514,896). The District was required to contribute $74,038 and $55,612 during 2021 and 2020, respectively.

All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and net pension/OPEB liability/asset and are described in more detail in their respective notes.

Business-Type Activities

Business-type activities are comprised of the food service operations. The food service operations had expenses of $929,503 and revenues, including transfers, of $803,570. This resulted in a decrease to net position for the fiscal year of $125,933. Revenues were mostly consistent with the prior year while expenses increased due to an increase in wages and benefits compared to the prior year due to the COVID-19 school building closure that occurred in April 2020. Management continually assesses the performance of the food service operations to ensure that it runs efficiently.

Governmental Activities

Net position of the District's governmental activities increased $2,058,309. Total governmental expenses of $39,232,975 were offset by program revenues of $5,658,906, and general revenues of $35,672,378. Program revenues supported 14% of the total program governmental expenses. The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements not restricted to specific purposes. These two revenue sources represent 85% of total governmental revenue. Operating grants and grants and entitlements not restricted to specific purposes increased from the prior year to additional state and federal funding and an increase in COVID-19 grants, respectively.

The Statement of Activities shows the cost of program services and the charges for services and grants off-setting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2021 and 2020. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

The dependence upon general revenues during fiscal year 2021 for governmental activities is apparent, as the majority of 2021 instruction activities are supported by property taxes, grants and entitlements, investment earnings, and other general revenues. The District's taxpayers, as a whole, are the primary support for District's students.

Table 3
Total Cost of Program Services

	Governmental Activities			
	Total Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2021	Net Cost of Services 2020
Program expenses:				
Instruction:				
Regular	$ 20,482,861	$ 19,863,383	$ 16,566,812	$ 15,826,248
Special	4,467,681	4,314,508	3,635,745	3,342,238
Vocational	109,664	205,025	105,654	203,638
Other	135,866	153,944	135,866	153,944
Support services:				
Pupil	2,297,795	1,895,674	2,001,692	1,744,271
Instructional staff	1,176,472	1,178,647	1,059,526	1,132,289
Board of education	169,373	285,242	169,373	285,242
Administration	2,765,166	2,535,889	2,765,166	2,535,889
Fiscal	878,604	812,406	878,604	812,406
Business	64,228	49,758	64,228	49,758
Operations and maintenance - plant	3,176,648	3,804,763	3,142,456	3,764,763
Pupil transportation	1,996,985	2,018,403	1,996,985	2,018,403
Central	51,986	62,823	51,986	62,823
Operation of non - instructional services:				
Community services	7,096	3,311	7,096	3,311
Extracurricular activities	873,346	985,727	413,676	273,479
Interest and fiscal charges	579,204	920,398	579,204	920,398
Total expenses	$ 39,232,975	$ 39,089,901	$ 33,574,069	$ 33,129,100

The District's Funds

The District's governmental funds (as presented on the balance sheet on page 20) reported a combined fund balance of $33,788,392, which is less than last year's restated total of $34,016,827. This decrease in total fund balance is explained by a decrease in other governmental funds, due to the roof replacement project, which was offset by an increase in the general fund. The increase in the general funds is due to expenditures being allocated to COVID-19 special revenue funds instead of to the general fund. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2021 and 2020.

	Fund Balance June 30, 2021	Fund Balance June 30, 2020	Increase (Decrease)
General	$ 25,394,302	$ 23,358,529	$ 2,035,773
Other governmental	8,394,090	10,658,298	(2,264,208)
Total	$ 33,788,392	$ 34,016,827	$ (228,435)

General Fund

The District's general fund balance increased $2,035,773 as the revenues outpaced expenditures. The table that follows assists in illustrating the revenues of the general fund. The main driver of this increase was the property tax revenue.

	2021 Amount	2020 Amount	Percentage Change
Revenues:			
Property taxes	$ 15,964,911	$ 16,898,317	(5.52)%
Investment earnings	46,448	479,743	(90.32)
Intergovernmental	14,022,169	13,530,788	3.63
Tuition	3,563,428	3,910,819	(8.88)
Other revenue	728,616	457,952	59.10
Total	$ 34,325,572	$ 35,277,619	

The table that follows assists in illustrating the expenditures of the general fund. Overall, general fund expenditures decreased $556,103 from the prior year due to a decrease in instruction costs, with the main drivers being a decrease in regular education due to a decrease in related salaries and benefits.

	2021 Amount	2020 Amount	Percentage Change
Expenditures by Function:			
Instruction	$ 19,681,877	$ 20,670,607	(4.78)%
Support services	10,835,594	10,384,725	4.34
Operation of non-instructional services	539	660	(18.33)
Facilities acquisition and construction	1,200	1,200	0.00
Extracurricular activities	640,589	658,710	(2.75)
Total	$ 31,159,799	$ 31,715,902	

General Fund Budget Information

The District's budget is prepared in accordance with Ohio law and is based on the cash basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

For the general fund, final budget remained consistent with the original budget. Actual general fund revenues and other financing sources were $35,277,015, or $1,877,500 more than budgeted. This increase was mainly from an increase in intergovernmental revenues. Actual general fund expenditures, including other financing uses, were $32,745,097, or $3,414,926 less than budgeted. This decrease was mainly from a decrease in regular instruction.

Capital Assets

The District has $36,036,151 invested in capital assets net of depreciation, with $35,910,972 attributed to governmental activities. Acquisitions for governmental activities totaled $3,560,157, including $3,321,167 of construction in progress related to the roofing repair projects, and depreciation was $1,722,184. Detailed information regarding capital asset activity is included in the notes to the basic financial statements (Note 10).

Debt

At June 30, 2021, the District had $19,305,000 in outstanding certificates of participation and paid $1,290,000 in principal on the certificates of participation during the fiscal year. Detailed information regarding long-term debt activity is included in the notes to the basic financial statements (Notes 15 and 16).

Current Financial Related Activities

Consistent with many school districts in Ohio, the Midview Local School District is faced with the challenge of maintaining a high standard of education for our students and services to our community, while striving to remain financially stable. The District relies heavily upon property taxes and state funding as the major sources of revenue. The District continues to exercise careful financial planning and prudent fiscal management in order to manage the resources.

The District placed a levy on the February 2013 ballot, which the community approved for a 10-year period. The District is very appreciative of the community's support and is dedicated to stretching these funds for years into the future.

Due to the unsettled issues in the school funding due to the COVID-19 pandemic, management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years.

The Midview community has a long history of taking pride in its schools. The Board, administration, and staff are dedicated to working with the community in order to maintain the high standard of education in a safe, effective, and efficient manner. Ultimately the continued success of the District is dependent on the support of the community.

Contacting the District's Financial Management

This financial report is designed to demonstrate the District's accountability for the money it receives and to provide a general overview of the district's finances to our community, creditors, and investors. For additional information about this report, please contact Mr. Mike Resar, Treasurer, Midview Local Schools, 13050 Durkee Road, Grafton, Ohio 44044.

Basic Financial Statements

Midview Local School District

Statement of Net Position

June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	$ 35,513,370	$ 15,266	$ 35,528,636
Accounts receivable	54,168	-	54,168
Intergovernmental receivable	882,727	19,684	902,411
Prepaid items	61,735	630	62,365
Materials and supplies inventory	32,636	11,907	44,543
Property taxes receivable	21,749,263	-	21,749,263
Net OPEB asset	2,109,618	-	2,109,618
Nondepreciable capital assets	5,944,724	-	5,944,724
Depreciable capital assets, net	29,966,248	125,179	30,091,427
Total assets	96,314,489	172,666	96,487,155
Deferred outflows of resources:			
Deferred charge on refunding	624,315	-	624,315
Pensions	6,279,180	104,582	6,383,762
OPEB	845,511	56,566	902,077
Total deferred outflows of resources	7,749,006	161,148	7,910,154
Liabilities:			
Accounts payable	776,308	204	776,512
Accrued wages and benefits	3,097,464	68,965	3,166,429
Accrued pension	496,797	17,507	514,304
Accrued interest payable	119,296	-	119,296
Unearned revenues	12,690	-	12,690
Retainage payable	241,631	-	241,631
Matured compensated absences	85,694	-	85,694
Long-term liabilities:			
Due within one year	1,777,351	24,243	1,801,594
Due in more than one year:			
Net pension liability	36,735,057	737,472	37,472,529
Net OPEB liability	2,514,045	241,074	2,755,119
Other amounts due in more than one year	21,313,055	47,244	21,360,299
Total liabilities	67,169,388	1,136,709	68,306,097
Deferred inflows of resources:			
Property taxes	17,671,871	-	17,671,871
Payment in lieu of taxes	565,349	-	565,349
Pension	313,805	1,018	314,823
OPEB	3,908,297	141,769	4,050,066
Total deferred inflows of resources	22,459,322	142,787	22,602,109
Net position:			
Net investment in capital assets	17,531,670	125,179	17,656,849
Restricted for:			
Capital projects	4,108,705	-	4,108,705
Debt service	2,700	-	2,700
Other purposes	1,972,880	-	1,972,880
Unrestricted (deficit)	(9,181,170)	(1,070,861)	(10,252,031)
Total net position (deficit)	$ 14,434,785	$ (945,682)	$ 13,489,103

The accompanying notes are an integral part of these financial statements

Midview Local School District

Statement of Activities

For the Fiscal Year Ended June 30, 2021

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contribution
Instruction:				
Regular education	$ 20,482,861	$ 3,292,580	$ 623,469	$ -
Special education	4,467,681	268,103	563,833	-
Vocational education	109,664	4,010	-	-
Other	135,866	-	-	-
Support services:				
Pupils	2,297,795	-	296,103	-
Instructional staff	1,176,472	-	116,946	-
Board of education	169,373	-	-	-
Administration	2,765,166	-	-	-
Fiscal services	878,604	-	-	-
Business	64,228	-	-	-
Operations and maintenance – plant	3,176,648	-	-	34,192
Pupil transportation	1,996,985	-	-	-
Central	51,986	-	-	-
Operation of non – instructional services:				-
Community services	7,096	-	-	-
Extracurricular activities	873,346	459,670	-	-
Interest and fiscal charges	579,204	-	-	-
Total governmental activities	39,232,975	4,024,363	1,600,351	34,192
Business-type activities:				
Food service	929,503	27,768	734,831	-
Totals	$ 40,162,478	$ 4,052,131	$ 2,335,182	$ 34,192

General revenues:
Property and other taxes levied for:
General purpose
Capital projects
Special revenues
Grant and entitlements not restricted to
specific programs
Investment earnings
Miscellaneous
Total general revenues

Transfers

Total general revenues and transfer

Change in net position

Net position (deficit) at beginning of year, restated

Net position (deficit) at end of year

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business Type Activities	Total
$ (16,566,812)	$ -	$ (16,566,812)
(3,635,745)	-	(3,635,745)
(105,654)	-	(105,654)
(135,866)	-	(135,866)
(2,001,692)	-	(2,001,692)
(1,059,526)	-	(1,059,526)
(169,373)	-	(169,373)
(2,765,166)	-	(2,765,166)
(878,604)	-	(878,604)
(64,228)	-	(64,228)
(3,142,456)	-	(3,142,456)
(1,996,985)	-	(1,996,985)
(51,986)	-	(51,986)
(7,096)	-	(7,096)
(413,676)	-	(413,676)
(579,204)	-	(579,204)
(33,574,069)	-	(33,574,069)
-	(166,904)	(166,904)
(33,574,069)	(166,904)	(33,740,973)
16,968,327	-	16,968,327
1,742,035	-	1,742,035
244,658	-	244,658
16,054,670	-	16,054,670
51,869	971	52,840
610,819	-	610,819
35,672,378	971	35,673,349
(40,000)	40,000	-
35,632,378	40,971	35,673,349
2,058,309	(125,933)	1,932,376
12,376,476	(819,749)	11,556,727
$ 14,434,785	$ (945,682)	$ 13,489,103

The accompanying notes are an integral part of these financial statements

Midview Local School District

Balance Sheet – Governmental Funds

June 30, 2021

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents	$ 26,380,980	$ 9,132,390	$ 35,513,370
Receivables:			
Property taxes	19,682,035	2,067,228	21,749,263
Intergovernmental	769,230	113,497	882,727
Accounts	54,168	-	54,168
Interfund	15,000	-	15,000
Materials and supplies inventory	32,636	-	32,636
Prepaid items	61,735	-	61,735
Total assets	$ 46,995,784	$ 11,313,115	$ 58,308,899
Liabilities, deferred inflows of resources and fund balances:			
Liabilities:			
Accounts payable	$ 181,622	$ 594,686	$ 776,308
Accrued wages and benefits	2,968,658	128,806	3,097,464
Accrued pension	480,973	15,824	496,797
Interfund payable	-	15,000	15,000
Unearned revenues	-	12,690	12,690
Retainage payable	-	241,631	241,631
Matured compensated absences	85,694	-	85,694
Total liabilities	3,716,947	1,008,637	4,725,584
Deferred inflows of resources:			
Property taxes	15,988,794	1,683,077	17,671,871
Payments in lieu of taxes	565,349	-	565,349
Unavailable revenue	1,330,392	227,311	1,557,703
Total deferred inflows of resources	17,884,535	1,910,388	19,794,923
Fund balances:			
Nonspendable	94,371	-	94,371
Restricted	11,000	7,752,490	7,763,490
Committed	33,781	775,109	808,890
Assigned	496,729	1,500	498,229
Unassigned (deficit)	24,758,421	(135,009)	24,623,412
Total fund balances	25,394,302	8,394,090	33,788,392
Total liabilities, deferred inflows of resources and fund balances	$ 46,995,784	$ 11,313,115	$ 58,308,899

The accompanying notes are an integral part of these financial statements

Midview Local School District

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities

June 30, 2021

Total Governmental Funds Balances		$	33,788,392
Amounts Reported for Governmental Activities in the Statement of Net Position are different because:			
Capital assets, net used in governmental activities are not financial resources and therefore are not reported in the funds.			35,910,972
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.			
Property taxes	$ 1,439,304		
Intergovernmental	113,497		
Miscellaneous	4,902		
Total			1,557,703
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in Governmental Funds, an interest expenditure is reported when due.			(119,296)
Long-term liabilities and deferred outflows of resources are not due and payable in the current period and are therefore not reported in the funds.			
Certificates of participation	(19,305,000)		
Premium on certifications of participation	(2,138,637)		
Loss on refunding	624,315		
Asset retirement obligations	(15,000)		
Compensated absences	(1,631,769)		
Total			(22,466,091)
The net pension liability and net OPEB liability / asset are not due for payment in the current period; therefore, the liability / asset and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows – pension	6,279,180		
Deferred inflows – pension	(313,805)		
Net pension liability	(36,735,057)		
Net OPEB asset	2,109,618		
Deferred outflows – OPEB	845,511		
Deferred inflows – OPEB	(3,908,297)		
Net OPEB liability	(2,514,045)		
			(34,236,895)
Net position of governmental activities		$	14,434,785

Midview Local School District

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

For the Fiscal Year Ended June 30, 2021

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property and other taxes	$ 15,964,911	$ 1,986,693	$ 17,951,604
Intergovernmental	14,022,169	3,392,587	17,414,756
Investment earnings	46,448	9,320	55,768
Extracurricular activities	203,435	103,577	307,012
Tuition	3,563,428	-	3,563,428
Classroom materials and fees	153,325	-	153,325
Grants	-	121,774	121,774
Miscellaneous	371,856	289,061	660,917
Total revenues	34,325,572	5,903,012	40,228,584
Expenditures:			
Instruction:			
Regular education	15,732,590	2,471,557	18,204,147
Special education	3,713,805	505,768	4,219,573
Vocational education	99,616	-	99,616
Other	135,866	-	135,866
Support services:			
Pupils	2,016,694	154,228	2,170,922
Instructional staff	881,559	311,064	1,192,623
Board of education	167,832	1,250	169,082
Administration	2,441,913	50,020	2,491,933
Fiscal services	792,255	32,481	824,736
Business	58,203	-	58,203
Operations and maintenance – plant	2,599,908	122,970	2,722,878
Pupil transportation	1,837,244	130,443	1,967,687
Central	39,986	12,000	51,986
Operation of non-instructional services:			
Community services	539	5,357	5,896
Extracurricular activities:			
Academic and subject oriented	59,826	4,782	64,608
Sports oriented	530,673	124,858	655,531
Co-curricular	50,090	57,333	107,423
Capital outlay:			
Site improvement services	1,200	3,829	5,029
Building acquisition and construction	-	3,249,932	3,249,932
Other facilities construction services	-	15,688	15,688
Debt service:			
Principal	-	1,290,000	1,290,000
Interest and fiscal charges	-	715,641	715,641
Total expenditures	31,159,799	9,259,201	40,419,000

(continued)

Midview Local School District

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (continued)

For the Fiscal Year Ended June 30, 2021

	General	Other Governmental Funds	Total Governmental Funds
Total excess of revenues over (under) expenditures	3,165,773	(3,356,189)	(190,416)
Other financing sources (uses):			
Transfers – in	-	1,090,000	1,090,000
Sale of capital assets	-	1,981	1,981
Transfers – out	(1,130,000)	-	(1,130,000)
Total other financing sources (uses)	(1,130,000)	1,091,981	(38,019)
Net change in fund balance	2,035,773	(2,264,208)	(228,435)
Fund balance at beginning of year, restated	23,358,529	10,658,298	34,016,827
Fund balance at end of year	$ 25,394,302	$ 8,394,090	$ 33,788,392

The accompanying notes are an integral part of these financial statements

Midview Local School District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds			$ (228,435)
Amounts Reported for Governmental Activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation and capital outlays differed in the current period.			
	Capital outlay	$ 3,560,157	
	Depreciation	(1,722,184)	
	Total		1,837,973
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.			(6,173)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.			
	Delinquent property and other taxes	1,003,416	
	Intergovernmental	103,183	
	Miscellaneous	(3,899)	
	Total		1,102,700
Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.			1,290,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds.			
	Compensated absences	(291,967)	
	Accrued interest on bonds	(19,008)	
	Asset retirement obligations	(15,000)	
	Amortization of premium	219,752	
	Amortization of deferred loss on refunding	(64,307)	
	Total		(170,530)

(continued)

The accompanying notes are an integral part of these financial statements

Midview Local School District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities (continued)

For the Fiscal Year Ended June 30, 2021

Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.		
Pension	2,707,061	
OPEB	67,560	
Total		2,774,621
Except for amounts reported as deferred outflows/inflows, changes in net pension/OPEB liability are reported as pension/OPEB expense in the Statement of Activities.		
Pension	(4,686,631)	
OPEB	144,784	
Total		(4,541,847)
Change in Net Position of Governmental Activities		$ 2,058,309

Midview Local School District

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP) and Actual – General Fund

For the Fiscal Year Ended June 30, 2021

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and other taxes	$ 17,663,282	$ 17,663,282	$ 16,993,262	$ (670,020)
Intergovernmental	12,004,647	12,004,647	13,948,066	1,943,419
Investment earnings	85,269	85,269	99,073	13,804
Extracurricular activities	141,983	141,983	164,968	22,985
Tuition	3,066,927	3,066,927	3,563,428	496,501
Classroom materials and fees	131,962	131,962	153,325	21,363
Miscellaneous	305,445	305,445	354,893	49,448
Total revenues	33,399,515	33,399,515	35,277,015	1,877,500
Expenditures:				
Instruction:				
Regular education	17,969,119	17,969,119	15,906,452	2,062,667
Special education	3,880,376	3,880,376	3,693,074	187,302
Vocational education	206,000	206,000	116,947	89,053
Other	181,068	181,068	144,535	36,533
Supporting services:				
Pupils	1,920,126	1,920,126	2,030,407	(110,281)
Instructional staff	967,057	967,057	907,354	59,703
Board of education	420,164	420,164	189,022	231,142
Administration	2,578,734	2,578,734	2,429,635	149,099
Fiscal services	852,850	852,850	798,971	53,879
Business	65,200	65,200	59,308	5,892
Operation and maintenance – plant	2,845,556	2,845,556	2,780,162	65,394
Pupil transportation	1,835,357	1,835,357	1,906,478	(71,121)
Central	40,358	40,358	46,732	(6,374)
Community services	700	700	539	161
Extracurricular activities:				
Academic and subject oriented	46,400	46,400	37,750	8,650
Sports oriented	561,500	561,500	530,496	31,004
Co-curricular	13,400	13,400	21,035	(7,635)
Capital outlay	1,400	1,400	1,200	200
Total expenditures	34,385,365	34,385,365	31,600,097	2,785,268
Excess revenues (under) over expenditures	(985,850)	(985,850)	3,676,918	4,662,768
Other financing uses:				
Transfers – out	(1,674,658)	(1,674,658)	(1,130,000)	544,658
Advances – out	(100,000)	(100,000)	(15,000)	85,000
Total other financing uses	(1,774,658)	(1,774,658)	(1,145,000)	629,658
Net change in fund balance	(2,760,508)	(2,760,508)	2,531,918	5,292,426
Fund balance at beginning of year	22,348,354	22,348,354	22,348,354	-
Prior year encumbrances appropriated	512,925	512,925	512,925	-
Fund balance at end of year	$ 20,100,771	$ 20,100,771	$ 25,393,197	$ 5,292,426

The accompanying notes are an integral part of these financial statements

Midview Local School District

Statement of Fund Net Position – Proprietary Fund

June 30, 2021

		Business-Type Activities Food Service
Assets:		
Current assets:		
Equity in pooled cash and cash equivalents	$	15,266
Intergovernmental receivable		19,684
Prepaid items		630
Materials and supplies inventory		11,907
Total current assets		47,487
Non-current assets:		
Depreciable capital assets, net		125,179
Total assets		172,666
Deferred outflows of resources:		
Pension		104,582
OPEB		56,566
Total deferred outflows or resources		161,148
Liabilities:		
Current liabilities:		
Accounts payable		204
Accrued wages and benefits		68,965
Accrued pension		17,507
Current portion of compensated absences		24,243
Total current liabilities		110,919
Long-term liabilities:		
Compensated absences		47,244
Net pension liability		737,472
Net OPEB liability		241,074
Total long-term liabilities		1,025,790
Total liabilities		1,136,709
Deferred inflows of resources:		
Pension		1,018
OPEB		141,769
Total deferred inflows of resources		142,787
Net position:		
Net investment in capital assets		125,179
Unrestricted (deficit)		(1,070,861)
Total (deficit) net position	$	(945,682)

The accompanying notes are an integral part of these financial statements

Midview Local School District

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund

For the Fiscal Year June 30, 2021

		Business-Type Activities Food Service
Operating revenues:		
Charges for services	$	26,409
Miscellaneous		1,359
Total operating revenues		27,768
Operating expenses:		
Salaries and wages		391,056
Fringe benefits		218,934
Contractual services		21,951
Materials and supplies		275,693
Other operating expenses		2,391
Depreciation expense		19,478
Total operating expenses		929,503
Operating loss		(901,735)
Non-operating revenues:		
Investment earnings		971
Grant revenue		734,831
Total non-operating revenues:		735,802
Loss before transfer		(165,933)
Transfers – in		40,000
Change in net position		(125,933)
Total (deficit) net position at beginning of year		(819,749)
Total (deficit) net position at end of year	$	(945,682)

The accompanying notes are an integral part of these financial statements

Midview Local School District

Statement of Cash Flows – Proprietary Fund

For the Fiscal Year June 30, 2021

		Business-Type Activities Food Service
Decrease in cash and cash equivalents:		
Cash flows from operating activities:		
Cash received from customers	$	26,409
Other operating revenues		1,359
Cash payments for contractual services		(21,951)
Cash payments for materials and supplies		(266,325)
Cash payments to employees for services		(386,581)
Cash payments for employee benefits		(176,895)
Cash payments for other operating expenses		(1,961)
Net cash used by operating activities		(825,945)
Cash flows from non-capital financing activities:		
Grants received		715,147
Transfers – in		40,000
Net cash provided by non-capital financing activities		755,147
Cash flows from investing activities:		
Investment earnings		971
Net decrease in cash and cash equivalents		(69,827)
Cash and cash equivalents at beginning of year		85,093
Cash and cash equivalents at end of year	$	15,266
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	$	(901,735)
Adjustments:		
Depreciation		19,478
Changes in assets/liabilities/deferred outflows/inflows:		
Decrease in prepaid items		226
Decrease in inventory		9,368
Decrease in deferred outflows – pension		32,548
Decrease in deferred outflows – OPEB		8,780
Increase in accounts payable		204
Increase in accrued wages and benefits		6,865
Increase in accrued compensated absences		18,666
Increase in accrued pension		3,525
Decrease in net pension liability		(3,017)
Decrease in deferred inflows – pension		(3,578)
Increase in net OPEB liability		20,339
Decrease in deferred inflows – OPEB		(37,614)
Total adjustments		75,790
Net cash used by operating activities	$	(825,945)

The accompanying notes are an integral part of these financial statements

Midview Local School District

Statement of Fiduciary Net Position

June 30, 2021

		Custodial Fund
Net position:		
Restricted for others	$	-

The accompanying notes are an integral part of these financial statements

Midview Local School District

Statement of Changes in Fiduciary Net Position

For the Fiscal Year June 30, 2021

		Custodial Fund
Additions:		
Charges for services	$	3,573
Deductions:		
Extracurricular activities		3,573
Change in fiduciary net position		-
Fiduciary net position, beginning of year		-
Fiduciary net position, end of year	$	-

The accompanying notes are an integral part of these financial statements

Note 1: Description of the School District and Reporting Entity

The Midview Local School District (the "District") is located in Lorain County in Northern Ohio. The District includes the townships of Eaton, Carlisle and Grafton and the Village of Grafton, covering approximately 64 square miles.

The District was organized in accordance with Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District currently operates three elementary schools, one middle school, and one comprehensive high school. The District employs 137 non-certified and 201 certified (including administrative) full-time and part-time employees to provide services to approximately 2,936 students in grades K through 12 and various community groups.

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

Note 2: Summary of Significant Account Policies

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

A. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from 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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization, or the District is obligated for the debt of the organization.

Note 2: Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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 for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units.

The District participates in four jointly governed organizations and is associated with one related organization, which are discussed in Note 17. The District is also a participant in a group rating program, which is discussed in Note 17.

The District is not involved in the budgeting or the management of Parent-Teacher Organizations, booster clubs or the Midview Endowment Fund. The District is also not responsible for any debt and has no influence over these organizations, clubs or Fund.

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds focus 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, liabilities and deferred inflows of resources is reported as fund balance. The following is the District's major governmental fund:

> *General Fund*
>
> The general fund is used to account for all financial resources except those required to be accounted for 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.

Other governmental funds of the District are used to account for the accumulation of resources for, and the repayment of, general long-term debt principal, interest and related costs; capital improvements, and for grants and other resources whose use is restricted to a particular purpose.

Note 2: Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Proprietary Funds

Proprietary funds focus on the determination of operating income, changes in net position, financial position, and cash flows. They are classified as either enterprise or internal service.

Enterprise Funds

The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District has one enterprise fund to account for food service operations.

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District has no internal service fund.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. The District does not have any trust funds. 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 Ohio High School Athletic Association activity.

Note 2: Summary of Significant Accounting Policies (continued)

C. Basis of Presentation

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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements except for interfund services provided and used. The internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses. The statements distinguish between governmental and business-type activities of the District.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund 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.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a Balance Sheet, which generally includes only current assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and a Statement of Revenues, Expenditures and Changes in Fund Balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Note 2: Summary of Significant Accounting Policies (continued)

C. Basis of Presentation (continued)

Fund Financial Statements (continued)

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Fund Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The Statement of Cash Flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Like the government-wide statements, the fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the Statement of Fiduciary Net Position. The Statement of Changes in Fiduciary Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. 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.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (Note 8). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Note 2: Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

Revenues – Exchange and Non-Exchange Transactions (continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Unearned Revenue

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned. Unearned revenues consist of unspent funds received from the federal government which will be used in a future period.

Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements that report net position may include a section for deferred outflows of resources. Deferred outflows of resources represent 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, deferred outflows of resources are reported for deferred charges on refunding, for pension and OPEB in the Statements of Net Position. The deferred outflows of resources related to pension and OPEB are explained in Note 11 and Note 12.

In addition to liabilities, the statements that report net position may include 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, unavailable revenue, OPEB and pension. 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 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 delinquent property taxes, interest, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported in the Statements of Net Position (Note 11 and 12).

Note 2: Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

E. Budgetary Process

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 appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2021 is as follows:

1. 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 expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.

2. By no later than January 15, the Board-adopted budget is filed with the Lorain County Budget Commission for tax rate determination.

3. Prior to 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 June 30, 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 a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate 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 statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2021.

Note 2: Summary of Significant Accounting Policies (continued)

E. Budgetary Process (continued)

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures for all funds, which is the legal level of budgetary control (State statute permits a temporary appropriation to be effective until no later than October 1 of each year). Although the legal level of budgetary control was established at the fund level of expenditures for the general fund, the District has elected to present its respective budgetary statement comparison at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.

5. All funds, other than custodial funds, are legally required to be budgeted and appropriated. Short-term inter-fund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.

6. Any revisions that alter the legal level of budgetary control for a fund must be approved by the Board of Education.

7. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with the general obligation bond indenture and other statutory provisions.

8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocate or increase the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2021.

9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the legal level of budgetary control for the fund.

F. Cash and Cash Equivalents

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements. During fiscal year 2021, investments were limited to money market accounts, negotiable certificates of deposit, commercial paper, United States government securities and notes, and State Treasury Asset Reserve of Ohio (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 nonnegotiable certificates of deposits, commercial paper and repurchase agreements are reported at cost.

Note 2: Summary of Significant Accounting Policies (continued)

F. Cash and Cash Equivalents (continued)

STAR 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 GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the 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 $25 million. STAR Ohio reserves the right to limit the transaction to $100 million, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to $46,448, which includes $6,332 assigned from other District funds.

Aside from investments clearly identified as belonging to a specific fund, any unrealized gain/loss resulting from the valuation will be recognized within the general fund to the extent its cash and investments balance exceeds the cumulative value of those investments subject to GASB Statement No. 31. If there is a gain/loss resulting from the valuation it will be reported within the investment earnings account on the Statement of Activities.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

G. Inventory

Purchased inventories are presented at cost on a first-in, first-out basis and are expended/expenses when used. Inventory consists of purchased food, school supplies held for resale, and materials and supplies for consumption.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure /expense is reported in the fiscal year in which services are consumed.

Note 2: Summary of Significant Accounting Policies (continued)

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of $3,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Governmental Activities Estimated Lives	Business - Type Activities Estimated Lives
Land improvements	3-40 years	N/A
Buildings and improvements	2-40 years	N/A
Furniture and equipment	3-20 years	4-20 years
Vehicles	8-20 years	N/A

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Note 2: Summary of Significant Accounting Policies (continued)

K. Compensated Absences

Compensated absences of the District consist of vacation leave and severance liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Sick leave benefits are accrued as a liability using the vesting method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements and the liability due from proprietary funds is also reported on the proprietary fund financial statements.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, special termination benefits, asset retirement obligations, net pension liability and the net OPEB liability, that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. In general, payments made more than sixty days after year end are considered not to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

M. Pensions/Other Postemployment Benefits (OPEB)

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

Note 2: Summary of Significant Accounting Policies (continued)

N. Net Position

Net position represents the difference between assets, liabilities and deferred outflows/inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their 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 other grants, classroom facilities maintenance, student activities, student wellness and success, miscellaneous state grants, and miscellaneous federal grants.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. As of June 30, 2021, net position restricted was $6,084,285 in the Statement of Net Position, none of which were by enabling legislation.

O. Fund Balance

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

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

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

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit these 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 or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Board of Education. Through the District's purchasing policy, the Board has given the Treasurer the authority to constrain monies for intended purposes.

Note 2: Summary of Significant Accounting Policies (continued)

O. Fund Balance (continued)

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

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

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges for services and miscellaneous revenues. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. Revenues and expenditures not meeting this definition are reported as non-operating.

Q. Interfund Activity

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

R. Estimates

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

S. Deferred Charge on Refunding

The difference between the reacquisition price (funds required to refund the old debt) of various refunding bonds and the net carrying amount of the old debt, the deferred amount (loss) on refunding, is being amortized as a component of interest expense. This accounting loss is amortized over the remaining life of the old debt or the life of the new debt whichever is shorter and is presented as deferred outflows of resources on the Statement of Net Position.

Note 3: Change in Accounting Principles and Restatement

Newly Adopted Accounting Pronouncements

For fiscal year 2021, the District implemented the following *Governmental Accounting Standards* issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Activities meeting the criteria should be reported in a fiduciary fund in the basic financial statements.

The implementation of GASB Statement No. 84 had the following effect on beginning net position and beginning fund balances as reported as of June 30, 2020:

	Governmental Activities
Net position at June 30, 2020	$ 12,241,269
GASB 84 fund reclassification	135,207
Restated net position at June 30, 2020	$ 12,376,476

Governmental funds fund balances:

	Other Governmental Funds	Total Governmental Funds
Fund balance at June 30, 2020	$ 10,523,091	$ 33,881,620
GASB 84 fund reclassification	135,207	135,207
Restated fund balance at June 30, 2020	$ 10,658,298	$ 34,016,827

GASB Implementation Guide No. 2019-2, *Fiduciary Activities*, issued in June 2019, provides guidance to address issues related to accounting and financial reporting for fiduciary activities in accordance with the requirements of GASB Statement No. 84. These changes were incorporated in the District's 2021 financial statements; however, there was no effect on beginning net position.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, issued in June 2018, establishes guidance designed to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period by simplifying accounting for interest cost incurred before the end of a construction period. GASB subsequently issued GASB Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*, which deferred the effective date of this standard to reporting periods beginning after December 15, 2020. These changes were incorporated in the District's 2021 financial statements; however, there was no effect on beginning net position.

Note 3: Change in Accounting Principles and Restatement (continued)

Newly Issued Accounting Pronouncements, Not Yet Adopted

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. GASB subsequently issued GASB Statement No. 95, which deferred the effective date of this standard to reporting periods beginning after June 15, 2021. The District has not yet determined the impact that this GASB pronouncement will have on its financial statements and disclosures.

GASB Implementation Guide No. 2019-3, *Leases*, effective date was also deferred as a result of GASB Statement No. 95. The effective date are for reporting periods beginning after June15, 2021. The District has not yet determined the impact that this implementation guide will have on its financial statements and disclosures.

GASB Statement No. 91, *Conduit Debt Obligations,* was issued in May 2019. The primary objectives of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB subsequently issued GASB Statement No. 95, which deferred the effective date of this standard to reporting periods beginning after December 15, 2021. The District has not yet determined the impact that this GASB pronouncement will have on its financial statements and disclosures.

GASB Statement No. 93, *Replacement of Interbank Offered Rates,* was issued in March 2020 to address accounting and financial reporting implications that result from global reference rate reform. The removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. The District has not yet determined the impact that this GASB pronouncement will have on its financial statements and disclosures.

Note 4: Fund Balances

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

Fund Balances	General	Other Governmental	Total Governmental
Nonspendable:			
Prepaids	$ 61,735	$ -	$ 61,735
Inventory	32,636	-	32,636
Total nonspendable	94,371	-	94,371
Restricted for:			
Debt service payments	-	2,700	2,700
Community activities	-	337,441	337,441
Athletics	-	210,607	210,607
Student wellness and success	-	383,522	383,522
Special education – preschool	-	26,359	26,359
Capital improvements	-	6,688,506	6,688,506
Other purposes	11,000	103,355	114,355
Total restricted	11,000	7,752,490	7,763,490
Committed to:			
Capital improvements	-	775,109	775,109
Other purposes	33,781	-	33,781
Total committed	33,781	775,109	808,890
Assigned to:			
Capital improvements	-	1,500	1,500
Other purposes	496,729	-	496,729
Total assigned	496,729	1,500	498,229
Unassigned (deficit)	24,758,421	(135,009)	24,623,412
Total fund balance	$ 25,394,302	$ 8,394,090	$ 33,788,392

Note 5: Budgetary Basis of Accounting

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

The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

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

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

(c) Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

(d) Encumbrances are treated as expenditures (budget) rather than as a restricted, committed, or assigned fund balance (GAAP).

(e) Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. These include the special trust fund, the uniform school supplies fund, the summer school fund, the public school support fund, the special enterprise fund, employee benefits self-insurance fund and the underground storage tanks fund.

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

	Net Change In Fund Balance
GAAP Basis	$ 2,035,773
Net Adjustment for Revenue Accruals	1,007,336
Net Adjustment for Expenditure Accruals	5,090
Advances - out	(15,000)
Adjustment for Encumbrances	(515,921)
To reclassify the net change in fund balance for funds combined with the general fund for GASB 54	14,640
Budget Basis	$ 2,531,918

Note 6: 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 payment of principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and 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;

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

6. The State Treasurer’s investment pool (STAR Ohio);

7. Certain banker’s acceptance (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred and seventy days) in an amount not to exceed forty percent of the interim monies available for investment at any one time; and

Note 6: Deposits and Investments (continued)

8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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 until maturity.

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

Deposits

Custodial Credit Risk is the risk that in the event of bank failure, the District's deposits may not be returned to it.

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

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

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

At year-end, the bank balance of the District's deposits was $3,240,772. At year-end $861,107 of the District's total bank balance was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. One of the District's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 60% resulting in the uninsured and uncollateralized balance. The District also has $300 in petty cash on hand.

Note 6: Deposits and Investments (continued)

Investments

Investments are reported at measurement value. As of June 30, 2021, the District had the following investments:

	Fair Value	Less Than 1 Year	1-5 Years
US Treasury Notes	$ 298,668	$ -	$ 298,668
Federal Home Loan Bank (FHLB)	109,553	-	109,553
Federal Farm Credit Banks (FFCB)	1,015,666	516,778	498,888
Federal National Mortgage Association (FNMA)	250,073	-	250,073
Federal Home Loan Mortgage Corporation (FHLMC)	220,624	-	220,624
Negotiable certificates of deposit	2,116,922	914,411	1,202,511
Commercial paper	1,099,519	1,099,519	-
Amortized cost:			
Money market	228,379	228,379	-
STAR Ohio	27,107,796	27,107,796	-
Total portfolio	$ 32,447,200	$ 29,866,883	$ 2,580,317

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. The District has the following recurring fair value measurements as of June 30, 2021:

- STAR Ohio and the money market are measured at amortized cost (Level 1), which approximates fair value. At June 30, 2021, the average days to maturity was 54.4 days for STAR Ohio.
- US Treasury Notes, FHLB, FFCB, FNMA, FHLMC, negotiable certificates of deposit, and commercial paper are measured based on Level 2 inputs, using matrix pricing.

Interest Rate Risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The District's investment policy addresses interest rate risk requiring that the District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in short-term investments. The District investment policy also limits security purchases to those that mature within five years unless specifically matched to a specific cash flow. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2% and be marked to market daily.

Note 6: Deposits and Investments (continued)

Investments (continued)

Custodial Risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All financial institutions and broker/dealers who desire to become qualified for investment transactions with the District must meet a set of prescribed standards and be periodically reviewed. The District has no investment policy dealing with custodial credit risk beyond the requirements of State statute which prohibit payment for investments prior to the delivery of the securities representing the investments to the treasurer or qualified trustee.

Credit Risk is addressed by the District's investment policy by the requirements that all investments are authorized by Ohio Revised Code and that the portfolio be diversified both by types of investment and issuer. The US Treasury Notes carries a rating of Aaa by Standard and Poor’s. The FHLB, FFCB, FNMA and FHLMC securities all carry a rating of AA+ by Standard and Poor’s. The commercial paper carries a rating of A1 by Standard and Poor’s. STAR Ohio and the money market carry a rating of AAAm by Standard & Poor's. The negotiable certificates of deposit are unrated.

Concentration of Credit Risk is defined by the GASB as five percent or more in the securities of a single issuer. The District's investment policy requires diversification of the portfolio but does not indicate specific percentage allocations. The following is the District’s allocation as of June 30, 2021:

Investment Issuer	Percentage of Investments
US Treasury Notes	0.9%
FHLB	0.3
FFCB	3.1
FNMA	0.8
FHLMC	0.7
Negotiable certificates of deposit	6.5
Commercial paper	3.4
Money market	0.7
STAR Ohio	83.6

Note 7: Receivables

Receivables at June 30, 2021 consisted of taxes, accounts and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds.

Note 7: Receivables (continued)

A summary of the principal items of intergovernmental receivables reported on the Statement of Net Position follows:

Governmental activities:		
Title I-A	$	32,424
Title II-A		10,982
IDEA-B		70,091
Casino tax receivable		88,332
City of Elyria		656,334
Medicaid MMIS reimbursement		9,468
Motor fuel tax refund		14,657
Ohio Department of Education		439
Total governmental activities		882,727
Business-type activities:		
Department of Education		19,684
	$	902,411

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

Note 8: Property Taxes

Property taxes are levied and assessed on a calendar year basis while the District's 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, public utility, and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at 35% of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2019, are levied after April 1, 2020 and are collected in 2021 with real property taxes. Public utility real property is assessed at 35% of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Note 8: Property Taxes (continued)

Tangible personal property tax revenue received from telephone companies during calendar 2021 were levied after October 1, 2020, on the value as of December 31, 2020. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures, is no longer levied and collected.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the District. The County Auditor periodically advances to the District its portion of the taxes. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

	2021 First-Half Collections		2020 Second-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 521,411,660	86.32%	$ 506,437,760	87.05%
Public utility personal	82,622,480	13.68%	75,330,690	12.95%
	$ 604,034,140	100.00%	$ 581,768,450	100.00%
Tax rate per $1,000 of assessed valuation	$ 53.88		$ 54.03	

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

At June 30, 2021, $2,367,751 was available as an advance to the general fund and $270,337 for the permanent improvement fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Note 9: Interfund Transfers and Balances

A. Interfund Balances

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

Receivable Fund	Payable Fund	Amount
General	Other governmental funds	$ 15,000

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

B. Interfund Transfers

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

	Transfers – out General
Transfers – in:	
Nonmajor governmental	$ 1,090,000
Food service	40,000
Total	$ 1,130,000

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

Midview Local School District

Notes to the Basic Financial Statements (continued)

For the Fiscal Year Ended June 30, 2021

Note 10: Capital Assets

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

	Balance at 7/1/20	Additions	Disposals	Balance at 6/30/21
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 2,623,557	$ -	$ -	$ 2,623,557
CIP	-	3,321,167	-	3,321,167
Total capital assets, not being depreciated	2,623,557	3,321,167	-	5,944,724
Capital assets, being depreciated:				
Land improvements	7,988,147	-	-	7,988,147
Buildings and improvements	49,509,889	39,959	-	49,549,848
Furniture and equipment	5,823,335	120,381	(5,247)	5,938,469
Vehicles	2,964,847	78,650	(61,734)	2,981,763
Total capital assets being depreciated	66,286,218	238,990	(66,981)	66,458,227
Less accumulated depreciation:				
Land improvements	(5,524,737)	(353,250)	-	(5,877,987)
Buildings and improvements	(23,042,417)	(1,094,792)	-	(24,137,209)
Furniture and equipment	(4,631,502)	(197,329)	5,247	(4,823,584)
Vehicles	(1,631,947)	(76,813)	55,561	(1,653,199)
Total accumulated depreciation	(34,830,603)	(1,722,184)	60,808	(36,491,979)
Total capital assets being depreciated, net	31,455,615	(1,483,194)	(6,173)	29,966,248
Governmental activities capital assets, net	$ 34,079,172	$ 1,837,973	$ (6,173)	$ 35,910,972

Note 10: Capital Assets (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular education	$ 1,228,415
Special education	1,041
Vocational education	2,440
Support services:	
Instructional staff	41,443
Administration	10,001
Operations and maintenance – plant	352,211
Pupil transportation	77,149
Extracurricular activities	9,484
Total	$ 1,722,184

	Balance at 7/1/20	Additions	Disposals	Balance at 6/30/21
Business-type activities:				
Capital assets being depreciated:				
Furniture and equipment	$ 652,097	$ -	$ -	$ 652,097
Total capital assets being depreciated	652,097	-	-	652,097
Less accumulated depreciation:				
Furniture and equipment	(507,440)	(19,478)	-	(526,918)
Total accumulated depreciation	(507,440)	(19,478)	-	(526,918)
Business-type activities capital assets, net	$ 144,657	$ (19,478)	$ -	$ 125,179

Note 11: Pension Plans

A. Net Pension/OPEB Liability (Asset)

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

Note 11: Pension Plans (continued)

A. Net Pension/OPEB Liability (Asset) (continued)

The net pension/OPEB liabilities (assets) represents 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 this estimate annually.

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

GASB Statement No. 68 and 75 assumes the liability (asset) 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). The retirement systems may allocate a portion of the employer contributions to provide for OPEB benefits including primarily health care. In most cases, 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/OPEB liabilities within 30 years. If the pension/OPEB 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 proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability on the accrual basis of accounting. Funded benefits is presented as a long-term net pension/OPEB asset. Any liability for the contractually-required contribution outstanding at the end of the year is included in accrued pension on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

B. Plan Description – School Employees Retirement System (SERS)

Plan Description – 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, Medicare Part B premium reimbursements, and lump sum death benefits. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Note 11: Pension Plans (continued)

B. Plan Description – School Employees Retirement System (SERS) (continued)

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2% for the first 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.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0.0%.

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% while the funding for Health Care Fund was 0.0%.

The District's contractually required pension contributions to SERS was $641,602 for fiscal year 2021. Of this amount $68,734 is reported as accrued pension.

Note 11: Pension Plans (continued)

C. Plan Description – State Teachers Retirement System (STRS)

Plan Description – District licensed teachers and other faculty members participate in STRS, a cost-sharing multiple-employer public employee retirement system. 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 viewed by visiting www.strsoh.org or by requesting a copy by calling toll-free 888-227-7877.

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. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53% of the 14.00% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14.00% 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 CO Plan offers features of both the DB Plan and the DC Plan. In the CO Plan, 12% of the 14% member rate goes to the DC Plan and 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 CO Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC plan or CO 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 CO Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS therefore has included all three plan options in the GASB 68 schedules of employer allocations and pension amounts by employer.

Note 11: Pension Plans (continued)

C. Plan Description – State Teachers Retirement System (STRS) (continued)

A DB or CO Plan member with five or more years of credited service, who is determined to be disabled, may qualify for a disability benefit. New members must have at least 10 years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

A death benefit of $1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to $2,000 can be purchased by participants in the DB, DC or CO Plans.

Administrative Expenses – The costs of administering the DB and postemployment health care plans are financed by investment income. The administrative costs of the DC Plan are financed by participant fees.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2021 the employer rate was 14% and the plan members were also required to contribute 14% of covered salary.

The District's contractually required contribution to STRS was $2,121,599 for fiscal year 2021. Of this amount $371,532 is reported as accrued pension.

D. 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 June 30, 2020. 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 contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of net pension liability prior measurement date	0.127731%	0.119940%	
Proportion of net pension liability current measurement date	0.127427%	0.120035%	
Change in proportionate share	(0.000304)%	0.000095%	
Proportionate share of the net pension liability	$ 8,428,257	$ 29,044,272	$ 37,472,529
Pension expense	$ 938,206	$ 3,830,518	$ 4,768,724

Note 11: Pension Plans (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the District's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 16,371	$ 65,168	$ 81,539
Change in assumptions	-	1,559,116	1,559,116
Net difference between projected and actual earned on investments	535,023	1,412,426	1,947,449
Changes in proportionate share and difference between District contributions and proportionate share of contributions	2,235	30,222	32,457
District contributions subsequent to the measurement date	641,602	2,121,599	2,763,201
Total deferred outflows of resources	$ 1,195,231	$ 5,188,531	$ 6,383,762
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 185,718	$ 185,718
Changes in proportionate share and difference between District contributions and proportionate share of contributions	11,641	117,464	129,105
Total deferred inflows of resources	$ 11,641	$ 303,182	$ 314,823

Note 11: Pension Plans (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The District reported $2,763,201 as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$ (5,659)	$ 930,413	$ 924,754
2023	157,129	434,701	591,830
2024	223,009	761,992	985,001
2025	167,509	636,644	804,153
Total	$ 541,988	$ 2,763,750	$ 3,305,738

E. 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. Future benefits for all current plan members were projected through 2130.

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

Note 11: Pension Plans (continued)

E. Actuarial Assumptions – SERS (continued)

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

Valuation date	June 30, 2020
Actuarial cost method	Entry age normal (level percent of payroll)
Actuarial assumptions:	
Investment rate of return	7.50%, net of investments expense
COLA or Ad Hoc COLA	2.50%, on or after April, 1 2018, COLA's for future retirees will be delayed for three years following commencement.
Future salary increases, including inflation	3.50% to 18.20%
Inflation	3.00%

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120% of male rates and 110% of female rates used. The RP-2000 Disabled Mortality Table with 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 June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from 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	2.00%	1.85%
US equity	22.50	5.75
International equity	22.50	6.50
Fixed income	19.00	2.85
Private equity	12.00	7.60
Real assets	17.00	6.60
Multi-asset strategies	5.00	6.65
Total	100.00%	

Note 11: Pension Plans (continued)

E. Actuarial Assumptions – SERS (continued)

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	$ 11,545,683	$ 8,428,257	$ 5,812,677

F. Actuarial Assumptions – STRS

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rate 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.

Note 11: Pension Plans (continued)

F. Actuarial Assumptions – STRS (continued)

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.

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

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

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

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

Note 11: Pension Plans (continued)

F. Actuarial Assumptions – STRS (continued)

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net pension liability	$ 41,353,986	$ 29,044,272	$ 18,612,814

G. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. Members of the Board of Education can elect Social Security. The Board's liability would be 6.2% of wages paid.

Note 12: Defined Benefit OPEB Plans

A. 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 Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Note 12: Defined Benefit OPEB Plans (continued)

A. Plan Description – School Employees Retirement System (SERS) (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. 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 14.0% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to health care. Active employee members do not contribute to the Health Care Plan. 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 ended June 30, 2021, this amount was $23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0% 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 $74,038.

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 $74,038 for fiscal year 2021. Of this amount $74,038 is reported as accrued pension.

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

Note 12: Defined Benefit OPEB Plans (continued)

C. OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

	SERS	STRS	Total
Proportion of net OPEB liability/asset prior measurement date	0.131122%	0.119940%	
Proportion of net OPEB liability/asset current measurement date	0.126770%	0.120035%	
Change in proportionate share	(0.004352)%	0.000095%	
Proportionate share of the net OPEB liability	$ 2,755,119	$ -	$ 2,755,119
Proportionate share of the net OPEB asset	$ -	$ 2,109,618	$ 2,109,618
OPEB expense (reduction of expense)	$ (23,061)	$ (123,740)	$ (146,801)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 36,185	$ 135,174	$ 171,359
Change in assumptions	469,650	34,825	504,475
Difference between projected and actual earnings on plan investments	31,044	73,933	104,977
Changes in proportionate share and difference between District contributions and proportionate share of contributions	35,555	11,673	47,228
District contributions subsequent to the measurement date	74,038	-	74,038
Total deferred outflows of resources	$ 646,472	$ 255,605	$ 902,077

Note 12: Defined Benefit OPEB Plans (continued)

C. OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 1,401,172	$ 420,205	$ 1,821,377
Change in assumptions	69,395	2,003,783	2,073,178
Changes in proportionate share and difference between District contributions and proportionate share of contributions	149,662	5,849	155,511
Total deferred inflows of resources	$ 1,620,229	$ 2,429,837	$ 4,050,066

The $74,038 reported as deferred outflows of resources related to OPEB resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$ (207,313)	$ (543,226)	$ (750,539)
2023	(205,067)	(493,182)	(698,249)
2024	(205,432)	(475,629)	(681,061)
2025	(202,355)	(463,578)	(665,933)
2026	(164,130)	(96,674)	(260,804)
Thereafter	(63,498)	(101,943)	(165,441)
Total	$ (1,047,795)	$ (2,174,232)	$ (3,222,027)

D. Actuarial Assumptions – SERS

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

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

Note 12: Defined Benefit OPEB Plans (continued)

D. Actuarial Assumptions – SERS (continued)

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

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

Wage inflation	3.00%
Projected salary increases	3.50% to 18.20%, including inflation
Investment rate of return	7.50%
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	
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 5-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.

Note 12: Defined Benefit OPEB Plans (continued)

D. Actuarial Assumptions – SERS (continued)

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	1.85%
US equity	22.50	5.75
International equity	22.50	6.50
Fixed income	19.00	2.85
Private equity	12.00	7.60
Real assets	17.00	6.60
Multi-asset strategies	5.00	6.65
Total	100.00%	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.63%. 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% contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45%, as of June 30, 2020 (i.e., municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Note 12: Defined Benefit OPEB Plans (continued)

D. Actuarial Assumptions – SERS (continued)

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% point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63 %)	1% Increase (3.63%)
District's proportionate share of the net OPEB liability	$ 3,372,196	$ 2,755,119	$ 2,264,542

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 2,169,446	$ 2,755,119	$ 3,538,312

E. Actuarial Assumptions – STRS

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

Salary increases	12.50% at age 20 to 2.50% at age 65
Payroll increases	3.00%
Investment rate of return	7.45%, net of investment expenses, including inflation
Discount rate of return	7.45%

Health care cost trends	Initial	Ultimate
Medical		
Pre-Medicare	5.00%	4.00%
Medicare	(6.69%)	4.00%
Prescription drug		
Pre-Medicare	6.50%	4.00%
Medicare	11.87%	4.00%

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

Note 12: Defined Benefit OPEB Plans (continued)

E. Actuarial Assumptions – STRS (continued)

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.

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

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

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

Discount Rate The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to 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.

Note 12: Defined Benefit OPEB Plans (continued)

E. Actuarial Assumptions – STRS (continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 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 (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net OPEB asset	$ 1,835,505	$ 2,109,618	$ 2,342,194

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 2,327,757	$ 2,109,618	$ 1,843,893

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 June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

Note 13: Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation, personal leave, sick leave, and compensatory time components are derived from negotiated agreements and State laws. Classified employees and administrators earn 10 to 25 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.

Note 13: Other Employee Benefits (continued)

A. Compensated Absences (continued)

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated with no maximum. Upon retirement, payment is made for 26% of the total sick leave accumulation, up to a maximum accumulation of 85 days for certified employees. For administrators, payment is made for 26% of the total sick leave accumulation, up to a maximum accumulation of 85 days. For classified employees, the payment is made for 25% of the first 100 days accumulated; 35% for days 101-250; and 50% for days 251-351. An employee receiving such payment must meet the retirement provisions set by STRS or SERS.

B. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees through Ohio Schools' Council Association. The amounts provided for all employees equal the employee's annual salary times two up to a limit of $250,000.

C. Early Retirement Incentive

The District offers employees participation in a Retirement Incentive Program. Participation is open to certificated employees who opt to retire and have been approved by STRS Ohio to receive reduced retirement benefits other than disability retirement. Eligible employees must notify the Board of their intention to retire in writing, no later than March 15 of the year they intend to retire. Eligible employees who fulfill the above requirements will receive a lump sum payment of $1,500.

There were no installments outstanding at fiscal year-end related to the 2019-2020 Retirement Incentive Program. The installment of the 2020-2021 Retirement Incentive Programs will be paid in July 2021. The payment of $1,500 will be made from the general fund and is reported as a liability in the fund financial statements.

Note 14: Risk Management

A. Property and Liability

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2021, the District has contracted with Schools of Ohio Risk Sharing Authority (Agent: CF Risk & Insurance LLC) for property and general liability insurance. Professional liability is provided by Schools of Ohio Risk Sharing Authority with a $17,000,000 aggregate limit.

Vehicles are covered by the Schools of Ohio Risk Sharing Authority. Automobile liability has a $15,000,000 combined single limit of liability.

Performance bonds of $50,000 are maintained for the treasurer by the Hylant Group.

Note 14: Risk Management (continued)

A. Property and Liability (continued)

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in insurance coverage from the prior year.

B. Workers' Compensation

For fiscal year 2021, the District participated in the Ohio Association of School Business Officials Group Rating Plan (GRP). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation premiums are reduced by virtue of the GRP discount. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. The firm CompManagement Inc. provides administrative, cost control and actuarial services to the GRP.

C. Medical

The District has joined the Lake Erie Regional Council (LERC) to provide medical, dental and vision benefits for its employees and their covered dependents. LERC is a shared risk pool or consortium comprised of thirteen school districts within Lorain County. The participating districts pay monthly contributions that are placed in a common fund, from which eligible claims and expenses are paid for employees (and their covered dependents) of participating school districts. Claims are paid for all participants regardless of claims flow. This plan contains a stop-loss provision of $250,000 per participant.

Premium contributions are determined annually based on the claims experience of the shared risk-pool. Premiums can only be increased or decreased as approved by council. Member districts may become liable for additional contributions to fund the liability of the pool. In the event of termination, all participating districts' claims would be paid without regard to their individual account balances. This plan provides a medical, dental and vision plan with a $1,000 deductible for family coverage and $500 deductible for single coverage. There is the opportunity for members to reduce their share of the premium amount through a wellness incentive.

Note 15: Long-Term Liabilities

Changes in long-term debt activity for the year ended June 30, 2021 was as follows:

	Interest Rate	Issue Date	Balance 7/1/20	Additions	Reductions	Balance 6/30/21	Amounts Due in One Year
Governmental activities:							
Refunding certificates of participation	4.0%	2/20/20	$ 14,095,000	$ -	$ 1,225,000	$ 12,870,000	$ 1,070,000
Premium on refunding certificates of participation	n/a	2/20/20	2,085,111	-	194,719	1,890,392	-
Certificates of participation	1.25% - 4.0%	6/16/20	6,500,000	-	65,000	6,435,000	185,000
Premium on certificates of participation	n/a	6/16/20	273,278	-	25,033	248,245	-
Asset retirement obligation	n/a	n/a	-	15,000	-	15,000	-
Net pension liability:							
SERS	n/a	n/a	6,973,678	717,107	-	7,690,785	-
STRS	n/a	n/a	26,523,922	2,520,350	-	29,044,272	-
Net OPEB liability:							
SERS	n/a	n/a	3,008,918	-	494,873	2,514,045	-
Compensated absences	n/a	n/a	1,339,802	612,028	320,061	1,631,769	522,351
Total governmental activities			$ 60,799,709	$ 3,864,485	$ 2,324,686	$ 62,339,508	$ 1,777,351
Business-type activities:							
Net pension liability – SERS	n/a	n/a	$ 668,709	$ 68,763	$ -	$ 737,472	$ -
Net OPEB liability – SERS	n/a	n/a	288,527	-	47,453	241,074	-
Compensated absences	n/a	n/a	52,821	19,324	658	71,487	24,243
Total business-type activities			$ 1,010,057	$ 88,087	$ 48,111	$ 1,050,033	$ 24,243

The government pays obligations related to employee compensation from the fund receiving the benefit.

Certificates of Participation – In April 2003, the District entered into a lease agreement with the Lorain County Port Authority for three new schools. The lease is an annual lease subject to renewal for 27 years through December 30, 2030. In April 2004, the District entered into another lease agreement with the Lorain County Port Authority for the three new schools. This lease is an annual lease subject to renewal for 26 years through November 1, 2030. On November 2, 2012, the District refunded these certificates of participation.

On November 2, 2012, the District issued $22,595,000 in certificates of participation for the purpose of advance refunding certificates of participation outstanding in order to take advantage of lower interest rates. The interest rates range from 3.0% to 4.0%. The series 2012 certificates were sold at a premium of $308,623. Proceeds of $22,434,891 and cash reserves of $2,003,101 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the certificates of participation. On February 20, 2020, the District placed $15,813,831 into an irrevocable trust to refund these certificates of participation. On April 16, 2020, the escrow proceeds and interest of $24,263 were used to call the certificates of participation.

Note 15: Long-Term Liabilities (continued)

On February 20, 2020, the District issued $14,095,000 in certificates of participation ("2020 refunding certificates") for the purpose of currently refunding certificates of participation outstanding in order to take advantage of lower interest rates. The interest rate is 4.0%. The series 2020 refunding case certificates were sold at a premium of $2,141,904.

In March 2020, the District entered into a lease agreement with the Ohio School Building Lease Corporation for construction and improvements to facilities. The lease term is through November 1, 2045.

The Leasing Corporation entered into an agreement with a trustee through which it assigned and transferred rights and interest under the lease to the Huntington National Bank as Trustee. The Trustee issued Certificates of Participation in the lease agreement enabling holders of the Certificates to receive a portion of the semi-annual lease payments. Proceeds from the issuance are to be used for construction and improvements to facilities.

The obligation of the District under the lease and any subsequent lease renewal is subject to annual appropriation of the rental payments. Legal title to the facilities remains with the Huntington National Bank, i.e., the leasing corporation, until all payments required under the lease have been made. At that time, title will transfer to the District.

The annual principal and interest requirements are payable from resources from the permanent improvement fund. The Certificates of Participation are not a general obligation of the District but are payable only from appropriations by the District for annual lease payments.

Principal and interest requirements to retire the long-term debt outstanding at June 30, 2021 are as follows:

	Governmental Activities	
	Certificates of Participation	
	Principal	Interest
2022	$ 1,255,000	$ 692,525
2023	1,305,000	645,788
2024	1,350,000	597,913
2025	1,400,000	548,205
2026	1,455,000	496,469
2027-2031	8,125,000	1,568,000
2032-2036	1,255,000	655,875
2037-2041	1,450,000	453,150
2042-2046	1,710,000	176,400
Total	$ 19,305,000	$ 5,834,325

Note 16: Lease Obligations

The District also has operating leases related to equipment.

The first lease is for a period of five years and requires quarterly payments of $419. This lease ended during 2021. The second lease is for a period of five years and requires quarterly payments of $468. The third lease is for a period of five years and requires annual payments of $133,385. The following is a schedule of the future minimum lease payments required under the operating leases at year-end:

	Operating Leases
2022	$ 135,257
2023	1,872
2024	1,872
2025	1,872
2026	1,872
Total minimum lease payments	$ 142,745

Total expense related to the operating leases totaled $135,062 for the year ended June 30, 2021.

Note 17: Jointly Governed Organizations, Related Organization and Group Rating Program

A. Jointly Governed Organizations

Lake Erie Regional Council

The Lake Erie Regional Council (LERC) is a jointly governed organization among 12 school districts. LERC was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern. Each member provides operating resources to LERC on a per pupil or actual usage charge (except for insurance). The LERC assembly consists of a superintendent or designated representative from each participating district and the fiscal agent. LERC is governed by a board of directors chosen from the general membership. The degree of control exercised by any participating district is limited to its representation on the board. Financial information is available from the Treasurer of the Educational Service Center of Lorain County, located at 1885 Lake Avenue, Elyria, Ohio 44035. During fiscal year 2021, the District paid $4,015,328 (including insurance premiums) to LERC.

Lorain County Joint Vocational School District

The Lorain County Joint Vocational School District (JVS) is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special education needs of its students. The Board of the JVS is comprised of representatives from each participating district, and is responsible for approving its own budgets, appointing personnel, and accounting and financing-related activities. The District's students may attend the JVS on a tuition-free basis. Each district's control is limited to its representation on the board. Financial information is available from the Treasurer of the Lorain County Joint Vocational School District, 15181 State Route 58, Oberlin, Ohio 44074.

Note 17: Jointly Governed Organizations, Related Organization and Group Rating Program (continued)

A. Jointly Governed Organizations (continued)

Connect

The governing Board of Directors, the Educational Service Centers (ESC) of Cuyahoga, Lorain and Medina County and the Ohio Schools Council, accepted the ownership, responsibility and liability of Connect in order to provide exemplary service to member districts. Each of the governments of these districts supports Connect based upon a per pupil charge, dependent upon the software package utilized. The superintendent/executive director of the three ESCs and Ohio Schools Council serve on Connect's Board of Directors. The purpose of Connect is applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions for member districts. Fiscal information for Connect is available from the Treasurer of the Educational Service Center of Northeast Ohio (fiscal agent), located at 6393 Oak Tree Boulevard, Independence, Ohio 44131. During the year ended June 30, 2021, the District paid $142,024 to Connect for basic service charges.

Ohio Schools' Council

The Ohio Schools' Council (the "Council") is a jointly governed organization among 265 school districts, educational service centers, joint vocational districts and Developmental Disabilities boards. The jointly governed organization was created for the purpose of saving money through volume purchases. Each member supports the Council by paying an annual participation fee. Each member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the "Council Board"). The Council Board is the policy making authority of the Council. The Council Board meets monthly September to June. The Council Board appoints the Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Council Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2021, the District paid $150,892 to the Council. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools' Council at 6393 Oak Tree Blvd, Suite 377, Independence, Ohio 44131.

The District participates in the Council's prepaid natural gas program. This program allows school districts to purchase natural gas at reduced rates. Constellation New Energy (Formerly Compass) is the natural gas supplier and program manager. There are currently more than 170 participants in the program. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

Note 17: Jointly Governed Organizations, Related Organization and Group Rating Program (continued)

B. Related Organization

The Grafton-Midview Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Midview Local School District Board of Education. The Board possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Financial information can be obtained by contacting the Fiscal Officer at the Grafton-Midview Public Library at 983 Main Street, Grafton, Ohio, 44044.

C. Group Rating Program

The District participates in the Ohio Association of School Business Officials. The Group Rating Plan's (GRP) business and affairs are conducted by CompManagement Inc. CompManagement Inc. serves as the coordinator of the program. Each year, the participating school districts pay an enrollment fee to CompManagement Inc. GRP to cover the costs of administering the program.

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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2021.

B. Litigation

The District is not involved in any litigation that, in the opinion of management, would have a material effect on the financial statements.

C. Foundation Funding

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. ODE has finalized the adjustments and they did not have any significant impact on the District's funding.

Note 19: Fund Deficits

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

Funds		Deficit Fund Balance
Nonmajor special revenue funds:		
Title VI-B special education IDEA	$	83,155
Title I		41,560
Classroom reduction		10,294
Nonmajor enterprise funds:		
Food service		945,682

The fund deficits in all funds are due to timing differences in accruing revenues and expenditures. The general fund is liable for any deficit in the funds and provides transfers when cash is required, not when accruals occur.

Note 20: Set-Aside Calculations

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

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

		Capital Improvements Reserve
Set-aside reserve balance as of June 30, 2020	$	-
Current year set-aside requirements		522,171
Qualifying disbursements		(659,511)
Set-aside reserve balance as of June 30, 2021	$	(137,340)

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

Note 21: Other Significant Commitments

At June 30, 2021, the District's significant contractual commitments consisted of:

Project	Contract Amount	Amount Paid	Remaining on Contract
Roof and window project	$ 3,929,500	$ 3,233,891	$ 695,609

Other significant commitments include the encumbrances outstanding for the general fund and other governmental funds other than capital projects were as follows:

	Encumbrances
General fund	$ 414,552
Other governmental funds	347,158
Total other significant commitments	$ 761,710

Note 22: Asset Retirement Obligations

Ohio Administrative Code Section 1301-7-9 requires a District classified as an "owner" or "operator," to remove from the ground any underground storage tank (UST) that is not in use for a year or more. A permit must first be obtained for that year it is not being used. Once the UST is removed, the soil in the UST cavity and excavated material must be tested for contamination. This asset retirement obligation (ARO) of $15,000 associated with the District's underground storage tank was estimated by the District. The remaining useful life of the UST is 0 years.

Required Supplementary Information

Midview Local School District

Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio

For the Last Eight Fiscal Years

	2021 (1)	2020 (1)	2019 (1)	2018 (1)
School district's proportion of the net pension liability	0.127427%	0.127731%	0.127488%	0.127902%
School district's proportionate share of the net pension liability	$ 8,428,257	$ 7,642,387	$ 7,301,469	$ 7,641,857
School district's covered payroll	$ 4,467,293	$ 4,382,621	$ 4,222,493	$ 4,171,450
School district's proportionate share of the net pension liability as a percentage of its covered payroll	188.67%	174.38%	172.92%	183.19%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

	2017 (1)	2016 (1)	2015 (1)	2014 (1)
School district's proportion of the net pension liability	0.130258%	0.130149%	0.132537%	0.132537%
School district's proportionate share of the net pension liability	$ 9,533,713	$ 7,426,400	$ 6,707,622	$ 7,881,550
School district's covered payroll	$ 4,046,057	$ 3,878,793	$ 3,847,878	$ 3,923,996
School district's proportionate share of the net pension liability as a percentage of its covered payroll	235.63%	191.46%	174.32%	200.86%
Plan fiduciary net position as a percentage of the total pension liability	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available. Amounts presented for each fiscal year were determined as of the District's measurement date which is June 30 of the prior fiscal year.

The accompanying notes are an integral part of the required supplemental information

Midview Local School District

Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio

For the Last Eight Fiscal Years

	2021 (1)	2020 (1)	2019 (1)	2018 (1)
School district's proportion of the net pension liability	0.120035%	0.119940%	0.120411%	0.119919%
School district's proportionate share of the net pension liability	$ 29,044,272	$ 26,523,922	$ 26,475,628	$ 28,487,127
School district's covered payroll	$ 14,661,914	$ 14,081,371	$ 13,688,679	$ 13,528,807
School district's proportionate share of the net pension liability as a percentage of its covered payroll	198.09%	188.36%	193.41%	210.57%
Plan fiduciary net position as a percentage of the total pension liability	75.50%	77.40%	77.30%	75.30%

	2017 (1)	2016 (1)	2015 (1)	2014 (1)
School district's proportion of the net pension liability	0.120076%	0.116702%	0.120189%	0.120189%
School district's proportionate share of the net pension liability	$ 40,193,036	$ 32,252,993	$ 29,234,178	$ 34,823,561
School district's covered payroll	$ 12,760,771	$ 12,099,264	$ 12,572,854	$ 12,609,285
School district's proportionate share of the net pension liability as a percentage of its covered payroll	314.97%	266.57%	232.52%	276.17%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available. Amounts presented for each fiscal year were determined as of the District's measurement date which is June 30 of the prior fiscal year.

Midview Local School District

Required Supplementary Information
Schedule of the School District Pension Contributions
School Employees Retirement System of Ohio

For the Last Ten Fiscal Years

	2021	2020	2019	2018	2017
Contractually required contribution	$ 641,602	$ 625,421	$ 591,654	$ 570,037	$ 584,003
Contributions in relation to the contractually required contribution	(641,602)	(625,421)	(591,654)	(570,037)	(584,003)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School district covered payroll	$ 4,582,871	$ 4,467,293	$ 4,382,621	$ 4,222,493	$ 4,171,450
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%	14.00%

	2016	2015	2014	2013	2012
Contractually required contribution	$ 566,448	$ 511,225	$ 533,316	$ 543,081	$ 522,491
Contributions in relation to the contractually required contribution	(566,448)	(511,225)	(533,316)	(543,081)	(522,491)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School district covered payroll	$ 4,046,057	$ 3,878,793	$ 3,847,878	$ 3,923,996	$ 3,884,688
Contributions as a percentage of covered payroll	14.00%	13.18%	13.86%	13.84%	13.45%

The accompanying notes are an integral part of the required supplemental information

Midview Local School District

Required Supplementary Information
Schedule of the School District Pension Contributions
State Teachers Retirement System of Ohio

For the Last Ten Fiscal Years

	2021	2020	2019	2018	2017
Contractually required contribution	$ 2,121,599	$ 2,052,668	$ 1,971,392	$ 1,916,415	$ 1,894,033
Contributions in relation to the contractually required contribution	(2,121,599)	(2,052,668)	(1,971,392)	(1,916,415)	(1,894,033)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School district covered payroll	$ 15,154,279	$ 14,661,914	$ 14,081,371	$ 13,688,679	$ 13,528,807
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%

	2016	2015	2014	2013	2012
Contractually required contribution	$ 1,786,508	$ 1,693,897	$ 1,634,471	$ 1,639,207	$ 1,659,905
Contributions in relation to the contractually required contribution	(1,786,508)	(1,693,897)	(1,634,471)	(1,639,207)	(1,659,905)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School district covered payroll	$ 12,760,771	$ 12,099,264	$ 12,572,854	$ 12,609,285	$ 12,768,500
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	13.00%	13.00%

The accompanying notes are an integral part of the required supplemental information

Midview Local School District

Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio

For the Last Five Fiscal Years

	2021 (1)	2020 (1)	2019 (1)	2018 (1)	2017 (1)
School district's proportion of the net OPEB liability	0.126770%	0.131122%	0.129248%	0.129569%	0.131642%
School district's proportionate share of the net OPEB liability	$ 2,755,119	$ 3,297,445	$ 3,585,680	$ 3,477,278	$ 3,752,295
School district's covered payroll	$ 4,467,293	$ 4,382,621	$ 4,222,493	$ 4,171,450	$ 4,046,057
School district's proportionate share of the net OPEB liability as a percentage of its covered payroll	61.67%	75.24%	84.92%	83.36%	92.74%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available. Amounts presented for each fiscal year were determined as of the District's measurement date which is June 30 of the prior fiscal year.

Midview Local School District

Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Asset/Liability
State Teachers Retirement System of Ohio

For the Last Five Fiscal Years

	2021 (1)	2020 (1)	2019 (1)	2018 (1)	2017 (1)
School district's proportion of the net OPEB asset/liability	0.120035%	0.119940%	0.120411%	0.119919%	0.120076%
School district's proportionate share of the net OPEB (asset) liability	$ (2,109,618)	$ (1,986,488)	$ (1,934,880)	$ 4,678,814	$ 6,421,692
School district's covered payroll	$ 14,661,914	$ 14,081,371	$ 13,688,679	$ 13,528,807	$ 12,760,771
School district's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(14.39)%	(14.11)%	(14.13)%	34.58%	50.32%
Plan fiduciary net position as a percentage of the total OPEB asset/liability	182.10%	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available. Amounts presented for each fiscal year were determined as of the District's measurement date which is June 30 of the prior fiscal year.

Midview Local School District

Required Supplementary Information
Schedule of the School District OPEB Contributions
School Employees Retirement System of Ohio

For the Last Ten Fiscal Years

	2021	2020	2019	2018	2017
Contractually required contribution (1)	$ 74,038	$ 55,612	$ 102,989	$ 90,546	$ 69,589
Contributions in relation to the contractually required contribution	(74,038)	(55,612)	(102,989)	(90,546)	(69,589)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School district covered payroll	$ 4,582,871	$ 4,467,293	$ 4,382,621	$ 4,222,493	$ 4,171,450
Contributions as a percentage of covered payroll	1.62%	1.24%	2.35%	2.14%	1.67%

	2016	2015	2014	2013	2012
Contractually required contribution (1)	$ 65,066	$ 99,537	$ 70,704	$ 72,735	$ 78,949
Contributions in relation to the contractually required contribution	(65,066)	(99,537)	(70,704)	(72,735)	(78,949)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School district covered payroll	$ 4,046,057	$ 3,878,793	$ 3,847,879	$ 3,923,996	$ 3,884,688
Contributions as a percentage of covered payroll	1.61%	2.57%	1.84%	1.85%	2.03%

(1) Includes surcharge.

Midview Local School District

Required Supplementary Information
Schedule of the School District OPEB Contributions
State Teachers Retirement System of Ohio

For the Last Ten Fiscal Years

	2021	2020	2019	2018	2017
Contractually required contribution	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School district covered payroll	$ 15,154,279	$ 14,661,914	$ 14,081,371	$ 13,688,679	$ 13,528,807
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

	2016	2015	2014	2013	2012
Contractually required contribution	$ -	$ -	$ 125,729	$ 126,093	$ 127,685
Contributions in relation to the contractually required contribution	-	-	(125,729)	(126,093)	(127,685)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
School district covered payroll	$ 12,760,771	$ 12,099,264	$ 12,572,854	$ 12,609,285	$ 12,768,500
Contributions as a percentage of covered payroll	0.00%	0.00%	1.00%	1.00%	1.00%

The accompanying notes are an integral part of the required supplemental information

Midview Local School District

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2021

Note 1: Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, an assumption of 2.5% was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3.0% was used.

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

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

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

Changes in Assumptions – STRS

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

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.50%	2.75%
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.25% at age 20 to 2.75% at age 70
Investment Rate of Return	7.45%, net of investment expenses, including inflation	7.75%, net of investment expenses, including inflation
Payroll Increases	3.00%	3.50%
Cost-of-Living Adjustments (COLA)	0.00%, effective July 1, 2017	2.00% simple applied as follows: for members retiring before August 1, 2013, 2.00% per year; for members retiring August 1, 2013, or later, 2.00% COLA commences on fifth anniversary of retirement date.

Note 1: Net Pension Liability (continued)

Changes in Assumptions – STRS (continued)

Beginning in fiscal year 2018 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.

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

Note 2: Net OPEB Liability

Changes in Assumptions – SERS

Amounts reported for fiscal year 2021 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:
Fiscal year 2021 2.45%
Fiscal year 2020 3.13%
Fiscal year 2019 3.62%
Fiscal year 2018 3.56%
Fiscal year 2017 2.92%

Single Equivalent Interest Rate, net of plan investment expense, including price inflation
Fiscal year 2021 2.63%
Fiscal year 2020 3.22%
Fiscal year 2019 3.70%
Fiscal year 2018 3.63%
Fiscal year 2017 2.98%

Note 2: Net OPEB Liability (continued)

Changes in Assumptions – SERS (continued)

Beginning in fiscal year 2020 the healthcare cost trend rate was updated from 7.25% decreasing to 4.75% to 7.00% decreasing to 4.75%.

Beginning in fiscal year 2019 the healthcare cost trend rate was updated from 7.5% decreasing to 5.0% to 7.25% decreasing to 4.75%.

Changes in Assumptions – STRS

For fiscal year 2019 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)*. Valuation year per capita health care costs were updated.

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

For fiscal year 2018, 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)* and the long term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced 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.

Note 2: Net OPEB Liability (continued)

Changes in Benefit Term Changes – STRS

There was no change to the claims costs process. Claim curves were updated to reflect the projected June 30 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% 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.

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.

This page intentionally left blank.

MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/ *Pass Through Grantor* / Program Title	Federal Assistance Listing Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through the Ohio Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	$237,200	$237,200
COVID-19 - School Breakfast Program	10.553	10,785	10,785
National School Lunch Program	10.555	433,837	433,837
COVID-19 - National School Lunch Program	10.555	25,462	25,462
National School Lunch Program- Non-Cash Assistance	10.555	72,568	72,568
Total Child Nutrition Cluster		779,852	779,852
TOTAL U.S. DEPARTMENT OF AGRICULTURE		**779,852**	**779,852**
U.S. DEPARTMENT OF DEFENSE			
Air Force Junior R.O.T.C. Grant	12.000	69,684	69,684
TOTAL U.S. DEPARTMENT OF DEFENSE		**69,684**	**69,684**
U.S. DEPARTMENT OF EDUCATION			
Passed Through the Ohio Department of Education:			
Special Education Cluster:			
Special Education - Grants to States	84.027	522,956	522,476
		0	577
Total Special Education - Grants to States		522,956	523,053
Special Education - Preschool Grants	84.173	40,877	14,518
Total Special Education Cluster		563,833	537,571
Title I Grants to Local Educational Agencies	84.010	291,384	288,359
		2,199	2,482
		8,595	8,595
Total Title I Grants to Local Educational Agencies		302,178	299,436
Student Support and Academic Enrichment Program	84.424	32,175	20,949
		3,000	3,000
Total Student Support and Academic Enrichment Program		35,175	23,949
Supporting Effective Instruction State Grants	84.367	111,022	98,586
		5,924	5,924
Total Supporting Effective Instruction State Grants		116,946	104,510
COVID-19 Education Stabilization Fund	84.425D	41,657	41,657
		1,353,319	1,353,319
		77,926	65,236
Total COVID-19 Education Stabilization Fund		1,472,902	1,460,212
COVID-19 Coronavirus Relief Fund	21.019	142,586	142,586
		151,010	151,010
Total COVID-19 Coronavirus Relief Fund		293,596	293,596
TOTAL U.S. DEPARTMENT OF EDUCATION		**2,784,630**	**2,719,274**
TOTAL		**$3,634,166**	**$3,568,810**

The accompanying notes are an integral part of this schedule.

MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE
KEITH FABER

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

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

Midview Local School District
Lorain County
13050 Durkee Road
Grafton, Ohio 44044

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of Midview Local School District, Lorain County, Ohio (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 21, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. 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

Keith Faber
Auditor of State
Columbus, Ohio

July 21, 2022

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

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

Midview Local School District
Lorain County
13050 Durkee Road
Grafton, Ohio 44044

To the Board of Education:

Report on Compliance for each Major Federal Program

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

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

Opinion on Each Major Federal Program

In our opinion, Midview Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the 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

July 21, 2022

MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN 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 Program's Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	• Education Stabilization Fund, AL 84.425D • Nutrition Cluster, AL 10.555 and 10.553
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE
KEITH FABER

MIDVIEW LOCAL SCHOOL DISTRICT

LORAIN 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 9/1/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370