OHIO AUDITOR OF STATE
KEITH FABER

MEDINA CITY SCHOOL DISTRICT
MEDINA COUNTY

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Medina City School District, Medina County, Ohio (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Medina City School District, Medina County, Ohio as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 24 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Federal Awards Receipts and Expenditures Schedule 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Federal Awards Receipts and Expenditures Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 17, 2023

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The discussion and analysis of Medina City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2022 are as follows:

- Governmental revenues totaled $98,087,280, an increase from the prior fiscal year. The increase is attributable to program revenues. The increase in program revenues was mainly due to increased Federal grant funding during the fiscal year 2022.

- Governmental expenses totaled $94,145,722, which was a decrease from the prior fiscal year, primarily due to changes in the net pension liability. The change was caused by changes in assumptions from the prior fiscal year.

- Instructional expenses made up 60.6 percent of this total while support services accounted for 31.2 percent. Other expenses rounded out the remaining 8.2 percent.

- The School District's capital assets decreased by $1,516,301 from the prior fiscal year. This decrease was the result of annual depreciation exceeding the purchase of new assets, which consisted of building improvements, roof replacements, paving projects, and equipment.

- Outstanding certificates of participation and general obligation bonded debt decreased from $54,753,924 in fiscal year 2021 to $50,030,018 in fiscal year 2022 due to paying down debt and having no new issuances in fiscal year 2022.

Using this Annual Financial Report

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during fiscal year 2022?" The statement of net position and the statement of activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources except fiduciary funds using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in that net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's performance, demographic and socioeconomic factors and the willingness of the community to support the School District.

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

- *Governmental Activities* – Most of the School District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and general administration.

- *Business-Type Activities* – These services are provided on a fee basis to recover all of the expenses of the goods or services provided. The School District's business-type activities are the transportation and System to Achieve Results for Students (STARS) enterprise funds.

Reporting the School District's Most Significant Funds

The analysis of the School District's major funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the bond retirement fund.

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

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

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

The School District as a Whole

You may recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal years 2022 and 2021:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	Restated 2021	2022	2021	2022	Restated 2021
Assets						
Current and Other Assets	$128,675,311	$131,741,070	$109,036	$81,744	$128,784,347	$131,822,814
Net OPEB Asset	7,544,655	6,270,258	0	0	7,544,655	6,270,258
Capital Assets, Net	84,854,598	86,370,899	0	0	84,854,598	86,370,899
Total Assets	221,074,564	224,382,227	109,036	81,744	221,183,600	224,463,971
Deferred Outflows of Resources						
Deferred Charges on Refunding	3,016,220	3,288,921	0	0	3,016,220	3,288,921
Pension	24,310,890	20,907,424	0	0	24,310,890	20,907,424
OPEB	2,416,026	2,646,305	0	0	2,416,026	2,646,305
Total Deferred Outflows of Resources	29,743,136	26,842,650	0	0	29,743,136	26,842,650
Liabilities						
Current and Other Liabilities	14,126,097	10,247,170	203	26	14,126,300	10,247,196
Long-Term Liabilities:						
Due Within One Year	5,643,106	5,253,691	0	0	5,643,106	5,253,691
Due in More than One Year:						
Net Pension Liability	57,706,139	107,587,855	0	0	57,706,139	107,587,855
Net OPEB Liability	6,328,906	7,097,068	0	0	6,328,906	7,097,068
Other Amounts	58,100,814	64,395,904	0	0	58,100,814	64,395,904
Total Liabilities	141,905,062	194,581,688	203	26	141,905,265	194,581,714
Deferred Inflows of Resources						
Property Taxes	53,883,315	52,062,833	0	0	53,883,315	52,062,833
Leases	386,433	0	0	0	386,433	0
Pension	46,479,527	1,350,282	0	0	46,479,527	1,350,282
OPEB	12,646,807	11,655,076	0	0	12,646,807	11,655,076
Total Deferred Inflows of Resources	113,396,082	65,068,191	0	0	113,396,082	65,068,191
Net Position						
Net Investment in Capital Assets	35,833,886	32,574,769	0	0	35,833,886	32,574,769
Restricted:						
Debt Service	3,824,912	3,532,897	0	0	3,824,912	3,532,897
Capital Projects	6,300,987	6,556,707	0	0	6,300,987	6,556,707
Other Purposes	1,697,540	1,217,466	0	0	1,697,540	1,217,466
Unrestricted (Deficit)	(52,140,769)	(52,306,841)	108,833	81,718	(52,031,936)	(52,225,123)
Total Net Position	($4,483,444)	($8,425,002)	$108,833	$81,718	($4,374,611)	($8,343,284)

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2022. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange; however, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Total governmental assets decreased during fiscal year 2022. The decrease can be attributed to decreases in equity in pooled cash and cash equivalents and capital assets. During the fiscal year, operational expenses increased in the general fund causing a decrease in equity in pooled cash and cash equivalents. The decrease in capital assets was the result of annual depreciation and deletions exceeding the purchase of new assets.

Total governmental liabilities decreased during fiscal year 2022. This decrease was due to long-term liabilities, which was due to a decrease in the net pension and OPEB liabilities, as well as paying down debt obligations.

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

Table 2 shows total revenues, expenses and changes in net position for fiscal years 2022 and 2021:

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	Restated 2021	2022	2021	2022	Restated 2021
Revenues						
Program Revenues:						
Charges for Services	$2,844,561	$1,729,560	$39,156	$26,515	$2,883,717	$1,756,075
Operating Grants and Contributions	10,745,060	8,248,298	0	0	10,745,060	8,248,298
Capital Grants and Contributions	5,073	13,491	0	0	5,073	13,491
Total Program Revenues	13,594,694	9,991,349	39,156	26,515	13,633,850	10,017,864
General Revenues:						
Property Taxes	58,123,967	56,673,810	0	0	58,123,967	56,673,810
Grants and Entitlements, not Restricted	23,248,026	22,760,046	0	0	23,248,026	22,760,046
Grants Restricted for Permanent Improvements	4,132,350	3,797,947	0	0	4,132,350	3,797,947
Investment Earnings	(1,685,673)	221,930	0	0	(1,685,673)	221,930
Miscellaneous	673,916	586,244	20,766	8,106	694,682	594,350
Total General Revenues	84,492,586	84,039,977	20,766	8,106	84,513,352	84,048,083
Total Revenues	98,087,280	94,031,326	59,922	34,621	98,147,202	94,065,947
Program Expenses						
Instruction:						
Regular	41,456,294	46,407,888	0	0	41,456,294	46,407,888
Special	14,457,302	16,490,087	0	0	14,457,302	16,490,087
Special - External Portion	782,464	688,100	0	0	782,464	688,100
Vocational	326,151	348,221	0	0	326,151	348,221
Adult/Continuing	0	2	0	0	0	2
Student Intervention Services	62,271	38,099	0	0	62,271	38,099
Support Services:						
Pupils	5,810,668	6,323,846	0	0	5,810,668	6,323,846
Instructional Staff	1,803,288	1,932,492	0	0	1,803,288	1,932,492
Board of Education	157,668	136,902	0	0	157,668	136,902
Administration	6,006,094	6,702,970	0	0	6,006,094	6,702,970
Fiscal	1,731,923	1,558,784	0	0	1,731,923	1,558,784
Business	369,702	437,972	0	0	369,702	437,972
Operation and Maintenance of Plant	8,965,918	8,169,276	0	0	8,965,918	8,169,276
Pupil Transportation	4,109,227	3,350,192	0	0	4,109,227	3,350,192
Central	434,462	610,418	0	0	434,462	610,418
Operation of Non-Instructional Services	856,633	811,962	0	0	856,633	811,962
Food Service Operations	3,139,187	2,282,896	0	0	3,139,187	2,282,896
Extracurricular Activities	1,846,385	1,919,746	0	0	1,846,385	1,919,746
Interest and Fiscal Charges	1,830,085	2,220,754	0	0	1,830,085	2,220,754
Business-Type Activities	0	0	32,807	34,547	32,807	34,547
Total Program Expenses	94,145,722	100,430,607	32,807	34,547	94,178,529	100,465,154
Increase in Net Position Before Transfers	3,941,558	(6,399,281)	27,115	74	3,968,673	(6,399,207)
Transfers	0	5,106	0	(5,106)	0	0
Change in Net Position	3,941,558	(6,394,175)	27,115	(5,032)	3,968,673	(6,399,207)
Net Position Beginning of Year - Restated	(8,425,002)	(2,030,827)	81,718	86,750	(8,343,284)	(1,944,077)
Net Position End of Year	($4,483,444)	($8,425,002)	$108,833	$81,718	($4,374,611)	($8,343,284)

The vast majority of revenue supporting all governmental activities is general revenue. General revenue slightly increased from the prior fiscal year due to increases in property tax revenue, which was mostly offset with the decrease in investment earnings. The increase in property taxes was a result of an accrual adjustment in the prior year related to the amount available as an advance from the County being higher in fiscal year 2020. The decrease in investment earnings was due to the fair value adjustment for investments. The remaining amount of revenue received was in the form of program revenues.

Governmental Activities

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

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

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

Table 3
Governmental Activities

	Total Cost of Services in 2022	Net Cost of Services in 2022	Total Cost of Services in 2021	Net Cost of Services in 2021
Instruction:				
Regular	$41,456,294	($40,133,687)	$46,407,888	($45,515,894)
Special	14,457,302	(11,267,725)	16,490,087	(13,064,718)
Special - External Portion	782,464	0	688,100	0
Vocational	326,151	(306,563)	348,221	(313,349)
Adult/Continuing	0	0	2	(1)
Student Intervention Services	62,271	(41,107)	38,099	(38,011)
Support Services:				
Pupils	5,810,668	(5,598,974)	6,323,846	(5,562,215)
Instructional Staff	1,803,288	(1,588,018)	1,932,492	(1,782,252)
Board of Education	157,668	(157,180)	136,902	(136,588)
Administration	6,006,094	(5,720,976)	6,702,970	(6,508,626)
Fiscal	1,731,923	(1,726,545)	1,558,784	(1,555,389)
Business	369,702	(368,602)	437,972	(432,022)
Operation and Maintenance of Plant	8,965,918	(8,146,767)	8,169,276	(8,150,599)
Pupil Transportation	4,109,227	(3,861,841)	3,350,192	(3,188,685)
Central	434,462	(412,506)	610,418	(588,250)
Operating of Non-Instructional Service	856,633	(46,590)	811,962	(115,488)
Food Service Operations	3,139,187	1,272,952	2,282,896	(8,863)
Extracurricular Activities	1,846,385	(616,814)	1,919,746	(1,257,554)
Interest and Fiscal Charges	1,830,085	(1,830,085)	2,220,754	(2,220,754)
Total Expenses	$94,145,722	($80,551,028)	$100,430,607	($90,439,258)

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

Business-Type Activities

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

School District's Funds

Information regarding the School District's major funds can be found beginning on page 18. These funds are accounted for using the modified accrual basis of accounting.

The fiscal year-end fund balance for the general fund saw a decrease from the prior fiscal year's ending balance due to an increase in operational expenditures. Revenues slightly increased due to property taxes, which were largely offset due to interest revenue, as mentioned.

The bond retirement fund saw a slight increase in fund balance from the prior year as debt service requirements were slightly less than in the prior fiscal year.

General Fund Budgeting Highlights

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

During the course of fiscal year 2022, the School District amended its general fund budget several times. The School District uses a site-based style of budgeting and has in place systems that are designed to tightly control expenditures but provide flexibility for site-based decision and management.

For the general fund, the final budget basis revenue estimates did not change from the original budget basis revenue estimates. Actual revenues were slightly higher than estimated revenues due to higher than expected property tax revenues. The final budgeted expenditures also did not change from the original budgeted expenditures. Actual expenditures were lower than final budgeted expenditures due to lower than expected regular instruction expenditures.

Capital Assets and Debt Administration

Capital Assets

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

Debt

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

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

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

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

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

The School District's overall legal debt margin was $117,433,514 with an unvoted debt margin of $1,553,668. The School District maintains an Aa2 bond rating. For more information on debt, refer to Note 11 of the basic financial statements.

In addition to the long-term debt, the School District's long-term obligations include net pension liability, net OPEB liability, financed purchases, leases, and compensated absences. Additional information for these items can be found in Notes 11, 22, and 23.

School District Outlook

The Board of Education and administration closely monitor the School District's revenues and expenditures in accordance with its financial forecast and Strategic Plan. The School District presented a new Strategic Plan to the Board of Education in the spring of 2022. Implementation of the new full Strategic Plan will take place over the next three years including additional programming for students of the School District.

The financial future of the School District is not without its challenges. These challenges are internal and external in nature. The internal challenges will continue to exist, as the School District must rely heavily on local property taxes to fund its operations. External challenges continue to evolve as the State of Ohio reacts to COVID-19 and slow growth of the economy when it comes to funding school districts. The State has provided a new funding formula for school districts in Ohio. This new formula will not be fully implemented for at least three years; however, the State legislators have already made known they will be possibly looking at a new formula. These external challenges have had/will have an impact on funding and the funding formula.

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

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

In May of 2007, Medina County voters passed a countywide 30-year, 0.5 percent sales tax to pay for school permanent improvements. The tax is allocated among the public schools within the County based upon their number of students. The allocation for Medina City School District for calendar year 2022 was $3.78 million. Medina County is the only county in Ohio that has levied a sales tax for school districts.

During 2019, Governor DeWine and a new school district funding formula began. This formula has kept the basic funding from fiscal year 2019 and added aid for Student Wellness and Success in fiscal year 2020. The funding for school districts in Ohio has been frozen to fiscal year 2019. The State passed a new funding formula in 2021. This new formula relies on ADM, valuation of a district, and/or average wealth of the district. The new funding formula will not be fully phased-in for four years; however, the legislators have already made known they will be looking for a new funding formula.

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

Contacting the School District's Financial Management

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

Basic Financial Statements

Medina City School District

Statement of Net Position

June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	$64,848,143	$109,036	$64,957,179
Cash and Cash Equivalents With Fiscal Agents	63,133	0	63,133
Inventory Held for Resale	78,225	0	78,225
Materials and Supplies Inventory	107,578	0	107,578
Accrued Interest Receivable	62,162	0	62,162
Accounts Receivable	85,260	0	85,260
Intergovernmental Receivable	4,041,326	0	4,041,326
Property Taxes Receivable	59,029,484	0	59,029,484
Lease Receivable	360,000	0	360,000
Net OPEB Asset (See Note 23)	7,544,655	0	7,544,655
Nondepreciable Capital Assets	3,970,719	0	3,970,719
Depreciable Capital Assets, Net	80,883,879	0	80,883,879
Total Assets	221,074,564	109,036	221,183,600
Deferred Outflows of Resources			
Deferred Charges on Refunding	3,016,220	0	3,016,220
Pension	24,310,890	0	24,310,890
OPEB	2,416,026	0	2,416,026
Total Deferred Outflows of Resources	29,743,136	0	29,743,136
Liabilities			
Accounts Payable	546,188	203	546,391
Accrued Wages and Benefits	9,955,872	0	9,955,872
Contracts Payable	720,175	0	720,175
Intergovernmental Payable	1,759,863	0	1,759,863
Accrued Interest Payable	174,456	0	174,456
Matured Compensated Absences Payable	245,972	0	245,972
Claims Payable	723,571	0	723,571
Long-Term Liabilities:			
Due Within One Year	5,643,106	0	5,643,106
Due In More Than One Year:			
Net Pension Liability (See Note 22)	57,706,139	0	57,706,139
Net OPEB Liability (See Note 23)	6,328,906	0	6,328,906
Other Amounts Due in More Than One Year	58,100,814	0	58,100,814
Total Liabilities	141,905,062	203	141,905,265
Deferred Inflows of Resources			
Property Taxes	53,883,315	0	53,883,315
Leases	386,433	0	386,433
Pension	46,479,527	0	46,479,527
OPEB	12,646,807	0	12,646,807
Total Deferred Inflows of Resources	113,396,082	0	113,396,082
Net Position			
Net Investment in Capital Assets	35,833,886	0	35,833,886
Restricted for:			
Debt Service	3,824,912	0	3,824,912
Capital Projects	6,300,987	0	6,300,987
Food Service Operations	683,360	0	683,360
Student Activities	435,681	0	435,681
Athletics and Music	340,947	0	340,947
Local Grants	49,227	0	49,227
State Grants	113,073	0	113,073
Federal Grants	12,111	0	12,111
Other Purposes	2,000	0	2,000
Unclaimed Monies	61,141	0	61,141
Unrestricted (Deficit)	(52,140,769)	108,833	(52,031,936)
Total Net Position	($4,483,444)	$108,833	($4,374,611)

See accompanying notes to the basic financial statements

Medina City School District

Statement of Activities

For the Fiscal Year Ended June 30, 2022

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular	$41,456,294	$342,969	$979,638	$0
Special	14,457,302	43,098	3,146,479	0
Special - External Portion	782,464	782,464	0	0
Vocational	326,151	868	18,720	0
Student Intervention Services	62,271	127	21,037	0
Support Services:				
Pupils	5,810,668	17,060	194,634	0
Instructional Staff	1,803,288	5,855	209,415	0
Board of Education	157,668	488	0	0
Administration	6,006,094	82,528	202,590	0
Fiscal	1,731,923	5,378	0	0
Business	369,702	1,100	0	0
Operation and Maintenance of Plant	8,965,918	34,770	779,308	5,073
Pupil Transportation	4,109,227	12,120	235,266	0
Central	434,462	1,654	20,302	0
Operation of Non-Instructional Services	856,633	1,877	808,166	0
Food Service Operations	3,139,187	384,541	4,027,598	0
Extracurricular Activities	1,846,385	1,127,664	101,907	0
Interest and Fiscal Charges	1,830,085	0	0	0
Total Governmental Activities	94,145,722	2,844,561	10,745,060	5,073
Business-Type Activities				
Transportation Enterprise	8,064	14,803	0	0
STARS Enterprise	24,743	24,353	0	0
Total Business-Type Activities	32,807	39,156	0	0
Total	$94,178,529	$2,883,717	$10,745,060	$5,073

General Revenues

Property Taxes Levied for:

General Purposes

Debt Service

Grants and Entitlements not Restricted to Specific Programs

Grants Restricted for Permanent Improvements

Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

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

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
($40,133,687)	$0	($40,133,687)
(11,267,725)	0	(11,267,725)
0	0	0
(306,563)	0	(306,563)
(41,107)	0	(41,107)
(5,598,974)	0	(5,598,974)
(1,588,018)	0	(1,588,018)
(157,180)	0	(157,180)
(5,720,976)	0	(5,720,976)
(1,726,545)	0	(1,726,545)
(368,602)	0	(368,602)
(8,146,767)	0	(8,146,767)
(3,861,841)	0	(3,861,841)
(412,506)	0	(412,506)
(46,590)	0	(46,590)
1,272,952	0	1,272,952
(616,814)	0	(616,814)
(1,830,085)	0	(1,830,085)
(80,551,028)	0	(80,551,028)
0	6,739	6,739
0	(390)	(390)
0	6,349	6,349
(80,551,028)	6,349	(80,544,679)
54,351,208	0	54,351,208
3,772,759	0	3,772,759
23,248,026	0	23,248,026
4,132,350	0	4,132,350
(1,685,673)	0	(1,685,673)
673,916	20,766	694,682
84,492,586	20,766	84,513,352
3,941,558	27,115	3,968,673
(8,425,002)	81,718	(8,343,284)
($4,483,444)	$108,833	($4,374,611)

Medina City School District

Balance Sheet

Governmental Funds

June 30, 2022

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	$48,398,858	$3,731,713	$5,855,688	$57,986,259
Cash and Cash Equivalents With Fiscal Agent	49,731	0	13,402	63,133
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	61,141	0	0	61,141
Inventory Held for Resale	0	0	78,225	78,225
Materials and Supplies Inventory	85,638	0	21,940	107,578
Accrued Interest Receivable	60,007	0	2,155	62,162
Accounts Receivable	84,660	0	600	85,260
Interfund Receivable	162,185	0	0	162,185
Intergovernmental Receivable	393,555	0	3,647,771	4,041,326
Property Taxes Receivable	55,321,182	3,708,302	0	59,029,484
Lease Receivable	0	0	360,000	360,000
Total Assets	$104,616,957	$7,440,015	$9,979,781	$122,036,753
Liabilities				
Accounts Payable	$314,081	$0	$210,281	$524,362
Accrued Wages and Benefits	9,290,800	0	564,713	9,855,513
Contracts Payable	45,664	0	674,511	720,175
Interfund Payable	0	0	162,185	162,185
Intergovernmental Payable	1,594,123	0	153,105	1,747,228
Matured Compensated Absences Payable	231,810	0	14,162	245,972
Total Liabilities	11,476,478	0	1,778,957	13,255,435
Deferred Inflows of Resources				
Property Taxes	50,442,668	3,440,647	0	53,883,315
Unavailable Revenue	1,678,040	56,015	2,710,566	4,444,621
Leases	0	0	386,433	386,433
Total Deferred Inflows of Resources	52,120,708	3,496,662	3,096,999	58,714,369
Fund Balances				
Nonspendable	146,779	0	21,940	168,719
Restricted	0	3,943,353	5,996,253	9,939,606
Assigned	10,598,453	0	0	10,598,453
Unassigned (Deficit)	30,274,539	0	(914,368)	29,360,171
Total Fund Balances	41,019,771	3,943,353	5,103,825	50,066,949
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$104,616,957	$7,440,015	$9,979,781	$122,036,753

See accompanying notes to the basic financial statements

Medina City School District

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2022

Total Governmental Fund Balances		$50,066,949
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		84,854,598
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	$1,650,110	
Intergovernmental	922,627	
County Levied Sales Tax	1,787,939	
Tuition and Fees	83,945	
Total		4,444,621
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Certificates of Participation	(21,497,922)	
General Obligation Bonds	(28,532,096)	
Financed Purchases	(1,625,518)	
Leases	(65,480)	
Compensated Absences	(12,022,904)	
Total		(63,743,920)
Deferred outflows of resources represent deferred charges on refundings, which are not reported in the funds.		3,016,220
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(174,456)
Internal service funds are used by management to charge the costs of self insurance and other operations to individual funds. The assets and liabilities of the internal service funds are included in the statement of net position:		
Net Position	5,843,997	
Internal Elimination	(67,240)	
Compensated Absences	165,595	
Total		5,942,352
The net pension/OPEB asset/liabilities are not due and payable in the current period; therefore, the asset/liabilities and related deferred inflows/outflows are not reported in governmental funds:		
Net OPEB Asset	7,544,655	
Deferred Outflows - Pension	24,310,890	
Deferred Outflows - OPEB	2,416,026	
Net Pension Liability	(57,706,139)	
Net OPEB Liability	(6,328,906)	
Deferred Inflows - Pension	(46,479,527)	
Deferred Inflows - OPEB	(12,646,807)	
Total		(88,889,808)
Net Position of Governmental Activities		($4,483,444)

See accompanying notes to the basic financial statements

Medina City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	$53,596,209	$3,751,078	$0	$57,347,287
Intergovernmental	24,659,850	533,688	12,283,180	37,476,718
Interest	(1,652,739)	0	(56,522)	(1,709,261)
Tuition and Fees	463,140	0	0	463,140
Rentals	86,202	0	0	86,202
Extracurricular Activities	645,526	0	448,198	1,093,724
Contributions and Donations	30,220	0	105,663	135,883
Charges for Services	22,205	0	384,541	406,746
Lease Revenue	0	0	12,200	12,200
Miscellaneous	422,701	779	96,631	520,111
Total Revenues	78,273,314	4,285,545	13,273,891	95,832,750
Expenditures				
Current:				
Instruction:				
Regular	42,872,584	0	943,377	43,815,961
Special	13,940,521	0	1,579,604	15,520,125
Vocational	285,829	0	0	285,829
Student Intervention Services	41,330	0	20,941	62,271
Support Services:				
Pupils	5,637,742	0	547,485	6,185,227
Instructional Staff	1,440,118	0	219,111	1,659,229
Board of Education	159,816	0	0	159,816
Administration	6,522,735	0	172,685	6,695,420
Fiscal	1,783,351	58,565	0	1,841,916
Business	345,681	0	0	345,681
Operation and Maintenance of Plant	7,434,868	0	3,534,146	10,969,014
Pupil Transportation	3,930,402	0	105,147	4,035,549
Central	470,888	0	14,702	485,590
Operation of Non-Instructional Services	77,732	0	802,763	880,495
Food Service Operations	0	0	3,185,698	3,185,698
Extracurricular Activities	1,473,110	0	523,280	1,996,390
Debt Service:				
Principal Retirement	617,825	4,330,000	0	4,947,825
Interest and Fiscal Charges	45,350	1,914,063	0	1,959,413
Total Expenditures	87,079,882	6,302,628	11,648,939	105,031,449
Excess of Revenues Over (Under) Expenditures	(8,806,568)	(2,017,083)	1,624,952	(9,198,699)
Other Financing Sources (Uses)				
Transfers In	0	2,071,651	200,545	2,272,196
Transfers Out	(444,433)	0	(1,827,763)	(2,272,196)
Total Other Financing Sources (Uses)	(444,433)	2,071,651	(1,627,218)	0
Net Change in Fund Balances	(9,251,001)	54,568	(2,266)	(9,198,699)
Fund Balances Beginning of Year - Restated (See Note 3)	50,270,772	3,888,785	5,106,091	59,265,648
Fund Balances End of Year	$41,019,771	$3,943,353	$5,103,825	$50,066,949

See accompanying notes to the basic financial statements

Medina City School District

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

For the Fiscal Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds		($9,198,699)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:		
Capital Outlay	$2,319,249	
Current Year Depreciation	(3,835,550)	
Total		(1,516,301)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent Property Taxes	776,680	
Intergovernmental	504,441	
County Levied Sales Tax	37,055	
Tuition and Fees	85	
Miscellaneous	(16,914)	
Total		1,301,347
Repayment of certificates of participation, bonds, financed purchases, and leases principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		4,947,825
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Accrued Interest	8,123	
Amortization of Bond and Certificates of Participation Premiums	393,906	
Amortization of Deferred Charge on Refunding	(272,701)	
Total		129,328
Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		563,944
Internal service funds used by management are not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds is allocated among the governmental expenses:		
Change in Net Position	(1,189,654)	
Internal Elimination	(67,240)	
Change in Compensated Absences	(5,478)	
Total		(1,262,372)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	8,375,708	
OPEB	210,056	
Total		8,585,764
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB asset/liabilities are reported as pension/OPEB expense in the statement of activities:		
Pension	(219,771)	
OPEB	610,493	
Total		390,722
Change in Net Position of Governmental Activities		$3,941,558

See accompanying notes to the basic financial statements

Medina City School District

Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Property Taxes	$54,769,586	$54,769,586	$54,920,850	$151,264
Intergovernmental	24,287,406	24,287,406	24,351,969	64,563
Interest	427,525	427,525	428,706	1,181
Tuition and Fees	238,774	238,774	234,420	(4,354)
Rentals	17,754	17,754	17,803	49
Extracurricular Activities	481,345	481,345	460,499	(20,846)
Charges for Services	0	0	22,175	22,175
Miscellaneous	329,527	329,527	330,260	733
Total Revenues	80,551,917	80,551,917	80,766,682	214,765
Expenditures				
Current:				
Instruction:				
Regular	60,220,339	60,220,339	41,370,949	18,849,390
Special	7,278,367	7,278,367	13,092,131	(5,813,764)
Vocational	276,410	276,410	289,629	(13,219)
Student Intervention Services	54,602	54,602	70,562	(15,960)
Support Services:				
Pupils	3,136,054	3,136,054	5,492,174	(2,356,120)
Instructional Staff	545,448	545,448	1,366,061	(820,613)
Board of Education	179,356	179,356	170,301	9,055
Administration	5,139,632	5,139,632	6,042,454	(902,822)
Fiscal	1,436,297	1,436,297	1,541,423	(105,126)
Business	511,030	511,030	372,396	138,634
Operation and Maintenance of Plant	5,832,699	5,832,699	7,470,460	(1,637,761)
Pupil Transportation	3,622,423	3,622,423	3,955,451	(333,028)
Central	440,680	440,680	468,665	(27,985)
Operation of Non-Instructional Services	8,184	8,184	54,527	(46,343)
Extracurricular Activities	446,444	446,444	1,460,898	(1,014,454)
Capital Outlay	15,608	15,608	0	15,608
Debt Service:				
Principal Retirement	617,825	617,825	617,825	0
Interest and Fiscal Charges	45,350	45,350	45,350	0
Total Expenditures	89,806,748	89,806,748	83,881,256	5,925,492
Excess of Revenues Under Expenditures	(9,254,831)	(9,254,831)	(3,114,574)	6,140,257
Other Financing Sources (Uses)				
Advances In	1,148,412	1,148,412	1,148,412	0
Transfers In	15,210	15,210	15,210	0
Advances Out	(399,999)	(399,999)	(142,683)	257,316
Transfers Out	(460,888)	(460,888)	(443,888)	17,000
Total Other Financing Sources (Uses)	302,735	302,735	577,051	274,316
Net Change in Fund Balance	(8,952,096)	(8,952,096)	(2,537,523)	6,414,573
Fund Balance Beginning of Year	49,455,949	49,455,949	49,455,949	0
Prior Year Encumbrances Appropriated	1,499,341	1,499,341	1,499,341	0
Fund Balance End of Year	$42,003,194	$42,003,194	$48,417,767	$6,414,573

See accompanying notes to the basic financial statements

Medina City School District

Statement of Fund Net Position

Proprietary Funds

June 30, 2022

	Business Type Activities - Non-Major Enterprise Funds	Governmental Activities - Internal Service Funds
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	$109,036	$6,800,743
Intergovernmental Receivable	0	67,240
Total Assets	109,036	6,867,983
Liabilities		
Current Liabilities:		
Accounts Payable	203	21,826
Accrued Wages and Benefits	0	100,359
Intergovernmental Payable	0	12,635
Compensated Absences Payable	0	6,462
Claims Payable	0	723,571
Total Current Liabilities	203	864,853
Long-Term Liability:		
Compensated Absences Payable (net of current portion)	0	159,133
Total Liabilities	203	1,023,986
Net Position		
Unrestricted	$108,833	$5,843,997

See accompanying notes to the basic financial statements

Medina City School District

Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2022

	Business Type Activities - Non-Major Enterprise Funds	Governmental Activities - Internal Service Funds
Operating Revenues		
Tuition and Fees	$0	$1,345,844
Charges for Services	39,156	10,376,889
Miscellaneous	20,766	170,719
Total Operating Revenues	59,922	11,893,452
Operating Expenses		
Salaries	0	721,731
Fringe Benefits	0	295,150
Purchased Services	0	193,167
Materials and Supplies	32,807	4,482
Claims	0	10,859,157
Other	0	1,009,419
Total Operating Expenses	32,807	13,083,106
Change in Net Position	27,115	(1,189,654)
Net Position Beginning of Year	81,718	7,033,651
Net Position End of Year	$108,833	$5,843,997

See accompanying notes to the basic financial statements

Medina City School District

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2022

	Business Type Activities - Non-Major Enterprise Funds	Governmental Activities - Internal Service Funds
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash Received from Customers	$39,156	$782,464
Cash Received from Interfund Services Provided	0	10,873,029
Cash Received from Other Sources	22,591	170,719
Cash Payments for Employee Services and Benefits	0	(1,023,275)
Cash Payments for Goods and Services	(32,630)	(197,973)
Cash Payments for Claims	0	(10,863,773)
Cash Payments for Other Uses	0	(988,073)
Net Increase (Decrease) in Cash and Cash Equivalents	29,117	(1,246,882)
Cash and Cash Equivalents Beginning of Year	79,919	8,047,625
Cash and Cash Equivalents End of Year	$109,036	$6,800,743
Reconciliation of Operating Income (Loss) to Cash Flows Provided by (Used for) Operating Activities		
Operating Income (Loss)	$27,115	($1,189,654)
Adjustments		
(Increase) Decrease in Assets:		
Intergovernmental Receivable	1,825	(67,240)
Increase (Decrease) in Liabilities:		
Accounts Payable	177	20,995
Accrued Wages	0	2,591
Intergovernmental Payable	0	(3,480)
Compensated Absences Payable	0	(5,478)
Claims Payable	0	(4,616)
Total Adjustments	2,002	(57,228)
Net Cash Provided by (Used for) Operating Activities	$29,117	($1,246,882)

See accompanying notes to the basic financial statements

Medina City School District

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	Private Purpose Trust Scholarship and Alumni Programs
Assets	
Equity in Pooled Cash and Cash Equivalents	$48,717
Investments in Segregated Accounts	724,008
Total Assets	772,725
Net Position	
Held in Trust for Scholarships:	
Expendable	67,650
Nonexpendable	705,075
Total Net Position	$772,725

See accompanying notes to the basic financial statements

Medina City School District

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Fiscal Year Ended June 30, 2022

	Private Purpose Trust Scholarship and Alumni Programs
Additions	
Interest	$11,230
Contributions and Donations	30,987
Total Additions	42,217
Deductions	
Scholarships Awarded	67,650
Loss on Sale of Investments	65,658
Total Deductions	133,308
Net Decrease in Fiduciary Net Position	(91,091)
Net Position Beginning of Year	863,816
Net Position End of Year	$772,725

See accompanying notes to the basic financial statements

Note 1 – Description of the School District and Reporting Entity

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

The School District is located in Medina County and encompasses most of the City of Medina and portions of surrounding townships. The School District currently operates seven elementary schools, two middle schools and one comprehensive high school, which are staffed by 39 administrators, 9 psychologists, 5 prevention coordinators, 1 administrative secretary, 449.32 certificated full-time equivalent teaching personnel and 319.19 full-time-equivalent classified employees, who provide services to 6,063 students and other community members.

Reporting Entity

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

Non-public Schools Within the School District boundaries, the Nurtury, St. Francis Xavier, Kids Country, and the Medina Christian Academy are operated as non-public schools. Current State legislation provides funding to these schools. These monies are received and disbursed on behalf of the non-public schools by the Treasurer of the School District, as directed by the non-public schools. These transactions are reported in a special revenue fund and as a governmental activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The School District does not have any component units.

The School District participates in three jointly governed organizations, which are the Northeast Ohio Network for Educational Technology, Medina County Career Center, and the Ohio Schools Council. These organizations are addressed in Note 15 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service funds is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type.

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

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Fund Accounting

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

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

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

> ***General Fund*** The general fund is the general operating fund of the School District and is used to account for and report all financial resources except those required to be accounted for and reported in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> ***Bond Retirement Fund*** The bond retirement fund is used to account for and report the accumulation of property tax revenues restricted for the payment of general obligation bonds and certificates of participation issued for high school and elementary school additions and the construction of a new recreation center.

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

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

> ***Enterprise Fund*** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's enterprise funds are used to account for monies received from outside school districts for repair work done to their vehicles and for monies received for elementary school students who are paying for STARS testing supplies.
>
> ***Internal Service Funds*** The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's three internal service funds are a self insurance fund that accounts for health and prescription claims, a workers' compensation self insurance fund that accounts for workers' compensation claims, and a rotary fund that accounts for operations that provide goods and services to other governmental units on a cost-reimbursement basis.

Fiduciary Funds Types Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has two private purpose trust funds which are both used to account for college scholarships.

Measurement Focus

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

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

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

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

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

Basis of Accounting

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

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

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for the deferred charges on refundings, pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 22 and 23.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB, leases, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 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. The deferred inflow for leases is related to the leases receivable and is being recognized as lease revenue in a systematic and rational manner over the term of the lease. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, sales taxes, and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 19. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 22 and 23).

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

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

Pensions/Other Postemployment Benefits (OPEB)

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

Cash and Cash Equivalents

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

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

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

During fiscal year 2022, investments were limited to commercial paper, STAR Ohio, mutual funds, money market accounts, municipal securities, federal home loan mortgage corporation bonds, federal home loan bank bonds, federal national mortgage association bonds, federal farm credit bank bonds, federal agricultural mortgage corporation bonds, US treasury notes, and negotiable certificates of deposits.

Investments, except for commercial paper and STAR Ohio, are reported at fair value which is based on quoted market prices. The School District's commercial paper is measured at amortized cost, as it is a highly liquid debt instrument, with a remaining maturity at the time of purchase of less than one year.

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

For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates; however, 24 hours advance notice for deposits and withdrawals of $100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to $250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during the fiscal year 2022 amounted to ($1,652,739), which included ($400,767) assigned from other School District funds. The fair value of investments declined during fiscal year 2022, resulting in negative investment earnings.

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

Restricted Assets

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

Inventory

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

Capital Assets

All capital assets (except for intangible right-to-use lease assets, which are discussed later) of the School District are classified as general capital assets. General capital assets are capital assets which are associated with and generally arise from governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

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

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

Description	Estimated Lives
Land Improvements	40 Years
Buildings and Improvements	40 Years
Furniture and Equipment	5 Years
Vehicles	10 Years

The School District is reporting intangible right to use assets related to leased copiers. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, these intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Interfund Balances

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

Compensated Absences

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

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

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

For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have resigned or retired will be paid.

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balances

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance includes the remaining amount that is not restricted or committed. These assigned balances are established by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education or a School District official delegated that authority by resolution by State Statute. State Statute authorizes the Treasurer to assign fund balances for purchases on order provided such amounts have been lawfully appropriated. The Board of Education also assigned fund balance to cover a gap between fiscal year 2023's estimated revenue and appropriated budget and for public school support.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

Net Position

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

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

Operating Revenues and Expenses

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

Estimates

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

Internal Activity

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

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

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds. The Treasurer has been given authority to allocate Board appropriations to the function and object levels within each fund.

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

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

Premiums

On the government-wide financial statements, premiums are deferred and amortized for the term of the debt issuance using the straight-line method since the results are not significantly different from the effective interest method. Premiums are presented as an increase of the face amount of the debt issuance payable. On governmental fund statements, premiums are receipted in the year the debt issuance is issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Deferred Charges on Refunding

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

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

For fiscal year 2022, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases and related guidance from (GASB) Implementation Guide No. 2019-3, *Leases*.

GASB Statement 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. 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. These changes were incorporated in the School District's 2022 financial statements. The School District recognized $360,000 in leases receivable at July 1, 2021; however, $398,633 was recognized as a deferred inflow due to the School District receiving an upfront payment for the first term of the lease.

The School District is also implementing *Implementation Guide No. 2020-1,* GASB Statement No. 92 – *Omnibus 2020, and* GASB Statement No. 97 -- *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Among other items, GASB 97 requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan. These changes were incorporated in the School District's 2022 financial statements; however, there was no effect on beginning net position/fund balance.

In addition to the lease, for fiscal year 2022, the School District modified its approach related to the eligibility requirements of certain School District grants resulting in the following restatements to fund balance/net position at July 1, 2021.

Restatement of Fund Balance

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Fund Balance at July 1, 2021	$50,270,772	$3,888,785	$5,144,724	$59,304,281
Adjustment:				
GASB Statement 87	0	0	(38,633)	(38,633)
Restated Fund Balance at July 1, 2021	$50,270,772	$3,888,785	$5,106,091	$59,265,648

Restatement of Net Position

	Governmental Activities	Business-Type Activities	Total
Net Position at July 1, 2021	($8,281,121)	$81,718	($8,199,403)
Adjustments:			
GASB Statement 87	(38,633)	0	(38,633)
Intergovernmental Receivable	(105,248)	0	(105,248)
Restated Net Position at July 1, 2021	($8,425,002)	$81,718	($8,343,284)

Note 4 – Budgetary Basis of Accounting

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

The major differences between the budget basis and GAAP basis are that:

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

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

Net Change in Fund Balance

	General
GAAP Basis	($9,251,001)
Net Adjustment for Revenue Accruals	971,367
Beginning Fair Value Adjustment for Investments	130,421
Ending Fair Value Adjustment for Investments	1,953,207
Net Adjustment for Expenditure Accruals	3,532,953
Advances In	1,148,412
Advances Out	(142,683)
Perspective Differences:	
Uniform School Supply	(7,105)
Public School Support	1,035
Unclaimed Monies	(11,442)
OHSAA	(875)
Adjustment for Encumbrances	(861,812)
Budget Basis	($2,537,523)

Note 5 – Accountability

The following funds had deficit fund balances at June 30, 2022:

Fund	Negative Fund Balances
Special Revenue Funds:	
Elementary and Secondary School Emergency Relief	($247,175)
Title VI-B	(296,963)
Title I	(193,725)
Drug Free Schools	(9,190)
Preschool Grant	(8,945)
Reducing Class Size	(49,681)
Miscellaneous Federal Grants	(108,689)

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the General Fund needed for operations until the receipt of grant monies. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 6 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

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

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

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

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

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

7. The State Treasurer's investment pool (STAR Ohio); and

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

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

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

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2022, $551,698 of the School District's total bank balance of $4,657,504 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. One of the School District's financial institutions participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

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

> Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
>
> Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of June 30, 2022, the School District had the following investments:

		Investment Maturities (in Years)			
Measurement/Investment	Measurement Amount	Less than 1	1-2	2-3	3-5
Amortized Cost:					
Commercial Paper	$2,274,827	$2,274,827	$0	$0	$0
Net Asset Value Per Share:					
STAR Ohio	14,188,122	14,188,122	0	0	0
Fair Value - Level 1 Inputs:					
Mutual Funds	686,449	686,449	0	0	0
Fair Value - Level 2 Inputs:					
Money Market Mutual Fund	63,347	63,347	0	0	0
Municipal Securities	4,901,383	1,286,841	944,343	897,564	1,772,635
Federal Home Loan Mortgage Corporation Bonds	2,961,738	0	1,651,641	0	1,310,097
Federal Home Loan Bank Bonds	7,315,816	0	1,190,309	4,075,758	2,049,749
Federal National Mortgage Association Bonds	2,161,138	0	964,118	1,197,020	0
Federal Farm Credit Bank Bonds	7,256,251	0	4,276,540	1,120,191	1,859,520
Federal Agricultural Mortgage Corporation Bonds	716,535	0	0	716,535	0
US Treasury Notes	4,799,271	1,083,621	3,715,650	0	0
Negotiable Certificates of Deposit	14,067,277	3,850,579	5,988,825	3,075,772	1,152,101
Total Portfolio	$61,392,154	$23,433,786	$18,731,426	$11,082,840	$8,144,102

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The preceding chart identifies the School District's recurring fair value measurements as of June 30, 2022. The mutual funds are measured at fair value and are valued using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (Level 2 inputs).

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

Credit Risk The commercial paper carries a rating of A-1+ by Standard & Poor's. STAR Ohio carries a credit rating of AAAm by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The federal home loan mortgage corporation bonds, federal home loan bank bonds, federal national mortgage association bonds, federal farm credit bank bonds, federal agricultural mortgage corporation bonds, and US Treasury Notes carry a rating of AA+ or AAA by Standard & Poor's. The remaining investments are not rated by Standard & Poor's. The School District has no investment policy that addresses credit risk.

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer. The following is the School District's allocation as of June 30, 2022:

Measurement/Investment	Measurement Amount	Percent of Total Investments
Amortized Cost:		
Commercial Paper	$2,274,827	N/A
Net Asset Value Per Share:		
STAR Ohio	14,188,122	23.11 %
Fair Value - Level 1 Inputs:		
Mutual Funds	686,449	N/A
Fair Value - Level 2 Inputs:		
Money Market Mutual Fund	63,347	N/A
Municipal Securities	4,901,383	7.98
Federal Home Loan Mortgage Corporation Bonds	2,961,738	N/A
Federal Home Loan Bank Bonds	7,315,816	11.92
Federal National Mortgage Association Bonds	2,161,138	N/A
Federal Farm Credit Bank Bonds	7,256,251	11.82
Federal Agricultural Mortgage Corporation Bonds	716,535	N/A
US Treasury Notes	4,799,271	7.82
Negotiable Certificates of Deposit	14,067,277	22.91
Total Portfolio	$61,392,154	

Note 7 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed value listed as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Public utility real property taxes received in calendar year 2021 became a lien December 31, 2020, were levied after April 1, 2021, and are collected in calendar year 2022 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Medina County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes, which are measurable as of June 30, 2022, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2022, was $3,284,420 in the general fund and $211,640 in the bond retirement debt service fund. The amount available as an advance at June 30, 2021, was $4,609,060 in the general fund and $327,480 in the bond retirement debt service fund. The difference was in the timing and collection by the County Auditor.

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

The assessed values upon which the fiscal year 2022 taxes were collected are:

	2021 Second Half Collections		2022 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$1,482,340,690	96.55%	$1,500,635,380	96.59%
Public Utility Personal Property	52,980,590	3.45%	53,033,080	3.41%
Total	$1,535,321,280	100.00%	$1,553,668,460	100.00%
Tax rate per $1,000 of Assessed Valuation	$90.23		$90.03	

Note 8 – Tax Abatements

For fiscal year 2022, the School District's property taxes were reduced under community reinvestment area (CRA) agreements entered into by the following overlapping governments:

Overlapping Government	Amount of Fiscal Year 2022 Taxes Abated
City of Medina	$940,759
Montville Township	108,523
Sharon Township	16,257
Total	$1,065,539

Note 9 – Receivables

Receivables at June 30, 2022, consisted of interest, taxes, accounts, interfund, leases, and intergovernmental grants. The School District receives a portion of a 0.5 percent sales tax levied by the County. The sales tax is allocated to the public schools based on a student count and is recorded as intergovernmental revenue. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except for delinquent property taxes and leases are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivable	Amounts
Governmental Funds:	
County Levied Sales Tax	$2,720,815
Medicaid	300,232
Title VI-B	296,963
Elementary and Secondary School Emergency Relief	258,336
Title I Grant	193,725
Miscellaneous Federal Grant	108,689
Foundation Settlement	86,968
Reducing Class Size Grant	49,681
Drug Free Schools Grant	9,190
Fuel Reimbursements	6,355
Preschool Grant	6,043
Limited English Proficiency	4,329
Total	$4,041,326

Lease Receivable

The School District is reporting a lease receivable of $360,000 in the permanent improvement fund at June 30, 2022. This amount represents the discounted future lease payments. This discount is being amortized using the interest method. For fiscal year 2022, the School District recognized lease revenue of $12,200 in the permanent improvement fund related to lease payments received. A description of the School District's leasing arrangements is as follows:

Cell Tower Lease – The School District has entered into a lease agreement for a cell tower with Tower Co. The lease commenced in fiscal year 2015 for 40 years, ending in fiscal year 2055. Payments are made monthly. There is no receivable for the first term as the total was due upon commencement.

A summary of future lease revenue is as follows:

	Permanent Improvement	
Fiscal Year	Principal	Interest
2025	$5,265	$4,735
2026	6,410	5,590
2027	6,513	5,487
2028-2032	37,636	25,764
2033-2037	47,334	22,406
2038-2042	58,492	18,222
2043-2047	71,293	13,089
2048-2052	85,936	6,868
2053-2055	41,121	739
Total	$360,000	$102,900

Note 10 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance 7/1/21	Additions	Deletions	Balance 6/30/22
Governmental Activities				
Capital Assets, not being depreciated:				
Land	$3,289,154	$0	$0	$3,289,154
Construction in Progress	323,758	1,318,499	(960,692)	681,565
Total Capital Assets, not being depreciated	3,612,912	1,318,499	(960,692)	3,970,719
Capital Assets, being depreciated:				
Land Improvements	2,217,326	423,162	0	2,640,488
Buildings and Improvements	143,103,759	1,020,431	0	144,124,190
Furniture and Equipment	2,059,441	517,849	0	2,577,290
Vehicles	5,198,046	0	0	5,198,046
Intangible Right to Use Lease - Copiers**	326,093	0	0	326,093
Total Capital Assets, being depreciated	152,904,665	1,961,442	0	154,866,107
Less Accumulated Depreciation/Amortization:				
Land Improvements	(1,452,282)	(80,213)	0	(1,532,495)
Buildings and Improvements	(64,682,051)	(3,061,160)	0	(67,743,211)
Furniture and Equipment	(1,539,663)	(110,159)	0	(1,649,822)
Vehicles	(2,277,026)	(518,799)	0	(2,795,825)
Intangible Right to Use Lease - Copiers**	(195,656)	(65,219)	0	(260,875)
Total Accumulated Depreciation/Amortization	(70,146,678)	(3,835,550) *	0	(73,982,228)
Total Capital Assets, being depreciated, net	82,757,987	(1,874,108)	0	80,883,879
Governmental Activities Capital Assets, Net	$86,370,899	($555,609)	($960,692)	$84,854,598

* Depreciation/amortization expense was charged to governmental functions as follows:

Instruction:	
Regular	$1,496,837
Special	257,446
Vocational	51,437
Support Services:	
Pupils	108,193
Instructional Staff	290,068
Administration	205,263
Business	23,667
Operation and Maintenance of Plant	837,897
Pupil Transportation	391,660
Central	3,423
Operation of Non-Instructional Services	505
Food Service Operations	142,554
Extracurricular Activities	26,600
Total Depreciation/Amortization Expense	$3,835,550

** Of the current year depreciation/amortization total of $3,835,550, $65,219 is presented as support services – business expense on the Statement of Activities related to the School District's intangible asset of copiers, which are included as an Intangible Right to Use Lease. With the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*, a lease meeting the criteria of this statement requires the lessee to recognize the lease liability and an intangible right to use asset.

Note 11 – Long-Term Obligations

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

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

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

	Principal Outstanding 7/1/21	Additions	Reductions	Principal Outstanding 6/30/22	Amount Due in One Year
Certificates of Participation from Direct Borrowing:					
2015 Refunding Certificates of Participation:					
Serial Certificates	$11,065,000	$0	($895,000)	$10,170,000	$945,000
Term Certificates	10,635,000	0	0	10,635,000	0
Premium	737,814	0	(44,892)	692,922	0
Total Certificates of Participation	22,437,814	0	(939,892)	21,497,922	945,000
General Obligation Bonds:					
2012 Refunding Bonds:					
Term Bonds	670,000	0	(330,000)	340,000	340,000
2013 Refunding Bonds:					
Serial Bonds	9,805,000	0	(3,105,000)	6,700,000	3,270,000
Term Bonds	15,080,000	0	0	15,080,000	0
Premium	2,239,507	0	(349,014)	1,890,493	0
2016 Refunding Bonds:					
Serial Bonds	4,220,000	0	0	4,220,000	0
Premium	301,603	0	0	301,603	0
Total General Obligation Bonds	32,316,110	0	(3,784,014)	28,532,096	3,610,000
Other Long-Term Obligations:					
Net Pension Liability:					
STRS	86,326,071	0	(40,573,670)	45,752,401	0
SERS	21,261,784	0	(9,308,046)	11,953,738	0
Total Net Pension Liability	107,587,855	0	(49,881,716)	57,706,139	0
Net OPEB Liability:					
SERS	7,097,068	0	(768,162)	6,328,906	0
Financed Purchases from Direct Borrowings	2,171,179	0	(545,661)	1,625,518	557,346
Lease Payable	137,644	0	(72,164)	65,480	65,480
Compensated Absences	12,586,848	68,688	(632,632)	12,022,904	465,280
Total Other Long-Term Obligations	129,580,594	68,688	(51,900,335)	77,748,947	1,088,106
Total Governmental Activities Long-Term Liabilities	$184,334,518	$68,688	($56,624,241)	$127,778,965	$5,643,106

On May 20, 2015, the School District issued $24,445,000 in Refunding Certificates of Participation (COPS) for the purpose of refunding a portion of the 2008 COPS, which included $5,470,000 in serial bonds and $16,935,000 in term bonds. The COPS were issued for a twenty-three year period with final maturity in fiscal year 2038. The COPS will be paid from property taxes from the bond retirement debt service fund. The COPS were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPS have been designated to be "qualified tax exempt obligations" within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to Buckeye Leasing Services, and then subleased back to the School District. The COPS were issued through a series of annual leases with an initial lease term of five years, which includes the right to renew for twenty-three successive one-year terms through fiscal year 2038 subject to annual appropriations. To satisfy the trustee agreements, the

School District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 4.125-5.25 percent. The School District has the option to purchase the renovations on any lease payment date by paying the amount necessary to defease the indenture.

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

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

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

The COPS were sold at a premium of $1,012,326. Net proceeds of $25,756,864 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various COPS. As a result, $22,405,000 of these COPS is considered defeased and the liability for the refunded portion of these COPS has been removed from the School District's financial statements. Accordingly, the trust account assets and liabilities for the defeased bonds are not included on the School District's financial statements. On June 30, 2022, $19,500,000 of the defeased bonds are still outstanding.

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

	Issue
Year	$1,295,000
Amount due at stated maturity	340,000
Stated Maturity	10/1/2022

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

Redemption Period	Redemption Price
May 1, 2021 and thereafter	100%

In 2013, the School District issued $40,699,552 in general obligation bonds for the purpose of refunding a portion of the 2005 refunding bond issue in order to take advantage of lower interest rates. The bonds were issued for a fifteen year period with a final maturity at December 1, 2027. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District's financial statements. On June 30, 2022, $21,990,000 of the defeased bonds are still outstanding.

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

Year	Issue $15,080,000
2024	$3,600,000
2025	3,705,000
2026	3,825,000
Total mandatory sinking fund payment	11,130,000
Amount due at stated maturity	3,950,000
Total	$15,080,000
Stated Maturity	12/1/2027

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

The general obligation bonds issued included serial, term, and capital appreciation (deep discount) bonds in the amounts of $25,485,000, $15,080,000 and $134,552, respectively. The capital appreciation bonds have been retired.

In 2016, the School District issued $4,220,000 in general obligation bonds for the purpose of refunding a portion of the 2005 refunding bond issue in order to take advantage of lower interest rates. The bonds were issued for a twelve year period with a final maturity at December 1, 2028. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District's financial statements. On June 30, 2022, $4,330,000 of the defeased bonds are still outstanding.

In fiscal year 2018, the School District entered into a financed purchase obligation from direct borrowing for an energy conservation project within all of the School District's buildings. In fiscal year 2021, the School District entered into a financed purchase obligation from direct borrowing for school buses.

All general obligation bonds will be paid from property taxes in the bond retirement debt service fund. There is no repayment schedule for the net pension/OPEB liabilities; however, employer pension/OPEB contributions are made from the general fund, the food service, auxiliary service, student wellness, and the rotary internal service fund. For additional information related to the net pension liability and the net OPEB liability, see Notes 22 and 23. The financed purchases and lease will be paid from the general fund. The compensated absences liability will be paid from the general fund, the food service, auxiliary service, student wellness special revenue funds, and the rotary internal service fund.

The School District's overall debt margin was $117,433,514 with an unvoted debt margin of $1,553,668 at June 30, 2022. Principal and interest requirements to retire outstanding long-term obligations at June 30, 2022, are as follows:

	Direct Borrowing					
	Certificates of Participation				Financed Purchases	
	Serial		Term			
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2023	$945,000	$785,513	$0	$0	$557,346	$35,975
2024	990,000	737,137	0	0	570,172	22,513
2025	1,035,000	686,512	0	0	246,000	10,500
2026	1,090,000	638,838	0	0	252,000	3,528
2027	1,135,000	594,337	0	0	0	0
2028-2032	4,975,000	1,938,952	1,365,000	360,550	0	0
2033-2037	0	0	7,580,000	1,031,042	0	0
2038	0	0	1,690,000	31,688	0	0
Total	$10,170,000	$5,381,289	$10,635,000	$1,423,280	$1,625,518	$72,516

	General Obligation Bonds			
	Serial		Term	
Fiscal Year	Principal	Interest	Principal	Interest
2023	$3,270,000	$991,036	$340,000	$4,675
2024	3,430,000	827,536	0	0
2025	0	168,800	3,600,000	487,237
2026	0	168,800	3,705,000	380,676
2027	0	168,800	3,825,000	262,858
2028-2029	4,220,000	253,200	3,950,000	135,485
Total	$10,920,000	$2,578,172	$15,420,000	$1,270,931

The School District has an outstanding agreement to lease copiers. Due to the implementation of GASB Statement 87, this lease has met the criteria of leases, thus requiring them to be recorded by the School District. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. The lease will be paid off in fiscal year 2023 in the amounts of $65,480 and $2,837 for principal and interest, respectively.

Note 12 – Other Employee Benefits

Compensated Absences

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

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

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

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

Health Insurance Benefits

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

Effective Date	Employees	Single Contributions	Family Contributions
July 1, 2021	Teachers	$145.86	$361.34
July 1, 2021	Support Staff Level 1	105.74	261.96
July 1, 2021	Support Staff Level 2	123.98	307.14
July 1, 2021	Administrators	145.86	361.34

Life Insurance Benefits

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

Note 13 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2022, the School District contracted with several companies for various types of insurance as follows:

Company	Type of Coverage	Coverage Amount
Liberty Mutual Insurance Company	Property	$273,247,771
	Boiler and Machinery	100,000,000
	Employee Benefits Liability	3,000,000
	Inland Marine	328,327
	General Liability	2,000,000
	Employer's Liability	1,000,000
	Sexual Misconduct and Molestation	1,000,000
	School Leaders Professional Liability	1,100,000
	Law Enforcement	1,000,000
	Violent Event Response	1,000,000
	Flood and Earthquake	1,000,000
	Business Income and Extra Expense	1,000,000
	Fleet	1,000,000
	Umbrella Policy	10,000,000
Employers Insurance Company of Wausau	Crime	1,000,000
Great American Insurance Group	Data Compromise/Cyber Liability	1,000,000

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

Insurance Benefits

The School District offers comprehensive major medical and prescription drug benefits for all eligible employees and their dependents through a self insurance internal service fund. The School District is self insured with Medical Mutual and Gallagher Benefit Services serving as an insurance consultant. A specific excess loss coverage (stop-loss) insurance policy covers claims in excess of $150,000 per employee, per year. The claims liability of $612,943 reported in the internal service fund at June 30, 2022, is based on an estimate provided by the third party administrators and the requirements of Governmental Accounting Standards Board Statement No. 30, which requires a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustments expense and does not include other allocated or unallocated claim adjustment expenses. Management's expectation is the claims liabilities will be paid within one year.

Changes in the fund's claim liability amount in fiscal years 2021 and 2022 were:

	Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2021	$797,051	$9,586,429	$9,694,077	$689,403
2022	689,403	10,735,341	10,811,801	612,943

Workers' Compensation

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

The workers' compensation claims liability at June 30, 2022 was $110,628. The claims liability reported in the workers' compensation internal service fund at June 30, 2022, is based on the requirements of GASB statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount for fiscal years 2021 and 2022 were as follows:

	Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2021	$43,779	$76,715	$81,710	$38,784
2022	38,784	123,816	51,972	110,628

Note 14 – Contingencies

Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2022, if applicable, cannot be determined at this time.

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. ODE has finalized the impact of enrollment adjustments to the June 30, 2022 foundation funding for the District.

Litigation

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

Note 15 – Jointly Governed Organizations

Northeast Ohio Network for Educational Technology

The Northeast Ohio Network for Educational Technology (NEOnet) is the computer service organization or Data Acquisition Site (DAS) used by the School District. NEOnet is a jointly governed organization among thirty-three school districts, two career centers, thirteen charter schools, twelve religious schools, two cities, and two educational service centers, including the Summit County Educational Service Center. The Summit County Educational Service Center acts as the fiscal agent for the consortium. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The Board of Directors consists of member district superintendents and treasurers. The manager/director is a permanent, non-voting member of the board of directors. Each school district's control is limited to its representation on the board. The Board of Directors exercise total control over the operations of the association including budgeting, appropriating, contracting and designating management. All association revenues are generated from charges for services and State funding. The School District does not retain an ongoing financial interest or an ongoing financial responsibility in NEOnet. Payments to NEOnet are made from the general fund. In fiscal year 2022, the School District paid $223,809 to NEOnet. Financial information can be obtained by writing to the Summit County Educational Service Center, 700 Graham Road, Cuyahoga Falls, Ohio 44221.

Medina County Career Center

The Medina County Career Center (Center) is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each participating School District's elected board, which possesses its own budgeting and taxing authority. The Center's Board exercises total control over the operations of the organization including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Board. Accordingly, the Center is not part of the School District and its operations are not included as part of the reporting entity. The Center offers vocational education for several school districts including Medina City School District. During fiscal year 2022, no money was paid for services by the Medina City School District to the Center. Financial information can be obtained by contacting the Treasurer at the Medina County Career Center, 1101 West Liberty Street, Medina, Ohio 44256.

Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among 249 members. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2022, the School District paid $953 to the Council. Financial information can be obtained by contacting the Executive Director of the Ohio Schools Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

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

Note 16 – Recreation Center Joint Operating Agreement

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

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

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

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

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

Note 17 – Set-Asides

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

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

	Capital Improvement
Set-aside Balances as of June 30, 2021	$0
Current Year Set-aside Requirement	1,123,675
Offsets	(100,000)
Qualifying Disbursements	(2,567,686)
Totals	($1,544,011)
Set-aside Balance Carried Forward to Future Fiscal Years	$0
Set-aside Balance as of June 30, 2022	$0

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

Note 18 – Donor Restricted Endowments

The School District's scholarship endowment fund includes donor restricted endowments. The net position nonexpendable amounts of $705,075 represent the principal portion of the endowments. The net position expendable amount of $67,650 represents the interest earnings on donor-restricted investments and is available for expenditure by the governing board, for purposes consistent with the endowment's intent. State law permits the governing board to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise.

Note 19 – Interfund Transactions

Interfund Balances

As of June 30, 2022, the general fund had a $162,185 interfund receivable and the following funds had the corresponding interfund payables:

Interfund Payable	Interfund Receivable General
Special Revenue Funds:	
Elementary and Secondary School Emergency Relief	$25,877
Title VI-B	48,494
Limited English Proficiency	5,979
Title I	59,287
Drug Free Schools	2,343
Preschool Grant	1,494
Reducing Class Size	18,711
Total	$162,185

Interfund receivables and payables are due to the timing of the receipt of grant monies. The general fund provides money to operate the programs until grants are received and the advances can be repaid.

Interfund Transfers

The School District had the following transfers during fiscal year 2022:

	Transfers From		
Transfers To	General	Other Governmental Funds	Total
Governmental Funds:			
Bond Retirement	$343,888	$1,727,763	$2,071,651
Other Governmental Funds	100,545	100,000	200,545
Total	$444,433	$1,827,763	$2,272,196

Transfers from the general fund of $343,888 and $100,545 to the bond retirement and other governmental funds were to pay a portion of outstanding debt and to help pay for permanent improvements projects and to pay for student and District managed activities, respectively. The transfers from other governmental funds to the bond retirement fund were to pay a portion of outstanding debt. The transfer from other governmental funds to other governmental funds was to help pay for permanent improvement projects.

Note 20 – Significant Commitments

Contractual Commitments

The School District had outstanding contractual commitments for renovations and improvements as follows:

Vendor	Contractual Commitment	Expended	Balance at 6/30/2022
Gardiner Service Company	$524,902	$470,000	$54,902
Garland Roofing	146,723	70,099	76,624
Roberts Roofing	1,109,900	377,916	731,984
Total	$1,781,525	$918,015	$863,510

$863,510 of the remaining commitments were encumbered at year-end. The amount of $315,916 in contracts payable has been capitalized.

Encumbrances

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

General	$861,812
Other Governmental Funds	1,240,440
Internal Service Funds	98,506
Enterprise Funds	12,974
Total	$2,213,732

Note 21 – Fund Balances

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

Fund Balances	General	Bond Retirement	Other Governmental Funds	Total
Nonspendable:				
Unclaimed Monies	$61,141	$0	$0	$61,141
Materials and Supplies Inventory	85,638	0	21,940	107,578
Total Nonspendable	146,779	0	21,940	168,719
Restricted for:				
Debt Service	0	3,943,353	0	3,943,353
Capital Projects	0	0	4,197,132	4,197,132
Food Service	0	0	839,977	839,977
Student Activities	0	0	435,681	435,681
Athletics and Music	0	0	340,947	340,947
Local Grants	0	0	49,227	49,227
State Grants	0	0	130,339	130,339
Federal Grants	0	0	2,950	2,950
Total Restricted	0	3,943,353	5,996,253	9,939,606
Assigned to:				
Purchases on Order	530,700	0	0	530,700
2023 Appropriations	9,158,235	0	0	9,158,235
Public School Support	909,518	0	0	909,518
Total Assigned	10,598,453	0	0	10,598,453
Unassigned (Deficit)	30,274,539	0	(914,368)	29,360,171
Total Fund Balances	$41,019,771	$3,943,353	$5,103,825	$50,066,949

Note 22 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 23 for the required OPEB disclosures.

State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be 5 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, 2026, when retirement eligibility will be 5 years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was $6,700,756 for fiscal year 2022. Of this amount $1,177,136 is reported as an intergovernmental payable.

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. 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. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 0.5 percent COLA for calendar year 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary, and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was $1,674,952 for fiscal year 2022. Of this amount $231,917 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	STRS	SERS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.35783484%	0.32397500%	
Prior Measurement Date	0.35677176%	0.32145611%	
Change in Proportionate Share	0.00106308%	0.00251889%	
Proportionate Share of the Net Pension Liability	$45,752,401	$11,953,738	$57,706,139
Pension Expense	$666,271	($446,500)	$219,771

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	STRS	SERS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$1,413,528	$1,153	$1,414,681
Changes of assumptions	12,692,536	251,710	12,944,246
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	1,480,623	95,632	1,576,255
School District contributions subsequent to the measurement date	6,700,756	1,674,952	8,375,708
Total Deferred Outflows of Resources	$22,287,443	$2,023,447	$24,310,890
Deferred Inflows of Resources			
Differences between expected and actual experience	$286,774	$310,009	$596,783
Net difference between projected and actual earnings on pension plan investments	39,429,812	6,156,524	45,586,336
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	291,444	4,964	296,408
Total Deferred Inflows of Resources	$40,008,030	$6,471,497	$46,479,527

$8,375,708 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2023	($6,127,401)	($1,460,687)	($7,588,088)
2024	(4,817,579)	(1,308,836)	(6,126,415)
2025	(5,659,737)	(1,463,799)	(7,123,536)
2026	(7,816,626)	(1,889,680)	(9,706,306)
Total	($24,421,343)	($6,123,002)	($30,544,345)

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation compared to those used in the June 30, 2020, actuarial valuation are presented as follows:

	June 30, 2021	June 30, 2020
Inflation	2.50 percent	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.45 percent
Payroll Increases	3.00 percent	3.00 percent
Cost of Living Adjustments (COLA)	0.0 percent	0.0 percent

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

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and are net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$85,677,124	$45,752,401	$12,016,096

Changes Between the Measurement Date and the Reporting Date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time 3 percent cost of living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021, compared with June 30, 2020, are presented as follows:

	June 30, 2021	June 30, 2020
Inflation	2.4 percent	3.00 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.5 percent
Investment Rate of Return	7.00 percent net of System expenses	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

The most recent experience study was completed for the five year period ended June 30, 2020.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	100.00 %	

Discount Rate The total pension liability for 2021 was calculated using the discount rate of 7.00 percent. The discount rate for 2020 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$19,888,084	$11,953,738	$5,262,357

Note 23 – Defined Benefit OPEB Plans

See Note 22 for a description of the net OPEB liability (asset).

State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to postemployment health care.

School Employees Retirement System (SERS)

Health Care Plan Description – The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides health care benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. 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.

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the School District's surcharge obligation was $210,056.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was $210,056 for fiscal year 2022, which is reported as an intergovernmental payable.

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

The net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	STRS	SERS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.35783484%	0.33440589%	
Prior Measurement Date	0.35677176%	0.32655310%	
Change in Proportionate Share	0.00106308%	0.00785279%	
Proportionate Share of the:			
Net OPEB Liability	$0	$6,328,906	$6,328,906
Net OPEB (Asset)	($7,544,655)	$0	($7,544,655)
OPEB Expense	($482,897)	($127,596)	($610,493)

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	STRS	SERS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$268,641	$67,462	$336,103
Changes of assumptions	481,921	992,856	1,474,777
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	215,731	179,359	395,090
School District contributions subsequent to the measurement date	0	210,056	210,056
Total Deferred Outflows of Resources	$966,293	$1,449,733	$2,416,026
Deferred Inflows of Resources			
Differences between expected and actual experience	$1,382,316	$3,152,080	$4,534,396
Changes of assumptions	4,500,936	866,691	5,367,627
Net difference between projected and actual earnings on OPEB plan investments	2,091,248	137,498	2,228,746
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	142,186	373,852	516,038
Total Deferred Inflows of Resources	$8,116,686	$4,530,121	$12,646,807

$210,056 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2023	($2,016,688)	($772,282)	($2,788,970)
2024	(1,964,350)	(773,246)	(2,737,596)
2025	(2,015,406)	(767,378)	(2,782,784)
2026	(865,542)	(620,931)	(1,486,473)
2027	(295,369)	(282,859)	(578,228)
Thereafter	6,962	(73,748)	(66,786)
Total	($7,150,393)	($3,290,444)	($10,440,837)

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020, actuarial valuation are presented as follows:

	June 30, 2021	June 30, 2020
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.45 percent
Health Care Cost Trends:		
Medical:		
Pre-Medicare	5.00 percent initial, 4 percent ultimate	5.00 percent initial, 4 percent ultimate
Medicare	-16.18 percent initial, 4 percent ultimate	-6.69 percent initial, 4 percent ultimate
Prescription Drug:		
Pre-Medicare	6.50 percent initial, 4 percent ultimate	6.50 percent initial, 4 percent ultimate
Medicare	29.98 initial, 4 percent ultimate	11.87 initial, 4 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 22.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021, and was 7.45 percent 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 be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rates The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	($6,366,522)	($7,544,655)	($8,528,807)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	($8,488,930)	($7,544,655)	($6,376,971)

Changes Between the Measurement Date and the Reporting Date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability (asset) is unknown.

Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021, compared with June 30, 2020, are presented as follows:

	June 30, 2021	June 30, 2020
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:		
Measurement Date	1.92 percent	2.45 percent
Prior Measurement Date	2.45 percent	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:		
Measurement Date	2.27 percent	2.63 percent
Prior Measurement Date	2.63 percent	3.22 percent
Medical Trend Assumption:		
Medicare	5.125 to 4.40 percent	5.25 to 4.75 percent
Pre-Medicare	6.75 to 4.40 percent	7.00 to 4.75 percent

For 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

For 2020, mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2020.

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 2015 through 2020, and was adopted by the Board in 2021. 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, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans, which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 22.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2021, was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020, and the June 30, 2021, total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92 percent at June 30, 2021, and 2.45 percent at June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability for SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27 percent) and higher (3.27 percent) than the current discount rate (2.27 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75 percent decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate.

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
School District's proportionate share of the net OPEB liability	$7,842,280	$6,328,906	$5,119,914

	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	$4,872,739	$6,328,906	$8,273,898

Note 24 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During fiscal year 2022, the School District received COVID-19 funding. The School District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. The financial impact of COVID-19 and the continuing recovery measures will impact subsequent periods of the School District. The impact on the School District's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Required Supplementary Information

Medina City School District

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net Pension Liability

State Teachers Retirement System of Ohio

*Last Nine Fiscal Years (1) **

	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.35783484%	0.35677176%	0.35000320%
School District's Proportionate Share of the Net Pension Liability	$45,752,401	$86,326,071	$77,401,104
School District's Covered Payroll	$44,410,679	$43,326,214	$41,518,557
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	103.02%	199.25%	186.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%

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

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

See accompanying notes to the Required Supplementary Information

2019	2018	2017	2016	2015	2014
0.33945483%	0.34743485%	0.33651839%	0.32962857%	0.31858130%	0.31858130%
$74,638,495	$82,533,893	$112,642,849	$91,099,696	$77,489,998	$92,305,578
$39,906,914	$37,296,379	$35,299,079	$34,801,186	$32,545,515	$35,417,154
187.03%	221.29%	319.11%	261.77%	238.10%	260.62%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

Medina City School District

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

	2021	2021	2020
School District's Proportion of the Net Pension Liability	0.32397500%	0.32145611%	0.32188189%
School District's Proportionate Share of the Net Pension Liability	$11,953,738	$21,261,784	$19,258,758
School District's Covered Payroll	$11,197,357	$11,310,743	$11,109,622
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	106.75%	187.98%	173.35%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%

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

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

See accompanying notes to the Required Supplementary Information

2019	2018	2017	2016	2015	2014
0.34125620%	0.33558830%	0.33094710%	0.32364560%	0.31001500%	0.31001500%
$19,544,376	$20,050,660	$24,222,274	$18,467,531	$15,689,682	$18,435,597
$11,527,904	$10,049,029	$10,241,000	$9,926,164	$9,019,954	$8,613,473
169.54%	199.53%	236.52%	186.05%	173.94%	214.03%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

Medina City School District

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net OPEB Asset/Liability

State Teachers Retirement System of Ohio

*Last Six Fiscal Years (1) **

	2022	2021	2020
School District's Proportion of the Net OPEB Asset/Liability	0.35783484%	0.35677176%	0.35000320%
School District's Proportionate Share of the:			
Net OPEB Asset	$7,544,655	$6,270,258	$5,796,893
Net OPEB Liability	$0	$0	$0
School District's Covered Payroll	$44,410,679	$43,326,214	$41,518,557
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-16.99%	-14.47%	-13.96%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	182.10%	174.70%

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

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

See accompanying notes to the Required Supplementary Information

2019	2018	2017
0.33945483%	0.34743485%	0.33651839%
$5,454,693	$0	$0
$0	$13,555,625	$17,997,091
$39,906,914	$37,296,379	$35,299,079
-13.67%	36.35%	50.98%
176.00%	47.10%	37.30%

Medina City School District

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

	2022	2021	2020
School District's Proportion of the Net OPEB Liability	0.33440589%	0.32655310%	0.33000220%
School District's Proportionate Share of the Net OPEB Liability	$6,328,906	$7,097,068	$8,298,861
School District's Covered Payroll	$11,197,357	$11,310,743	$11,109,622
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	56.52%	62.75%	74.70%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%

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

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

See accompanying notes to the Required Supplementary Information

2019	2018	2017
0.34473390%	0.34042430%	0.33515820%
$9,563,851	$9,136,094	$9,553,249
$11,527,904	$10,049,029	$10,241,000
82.96%	90.92%	93.28%
13.57%	12.46%	11.49%

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

	2022	2021	2020	2019
Net Pension Liability:				
Contractually Required Contribution	$6,700,756	$6,217,495	$6,065,670	$5,812,598
Contributions in Relation to the Contractually Required Contribution	(6,700,756)	(6,217,495)	(6,065,670)	(5,812,598)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$47,862,543	$44,410,679	$43,326,214	$41,518,557
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability:				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

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

See accompanying notes to the Required Supplementary Information

2018	2017	2016	2015	2014	2013
$5,586,968	$5,221,493	$4,941,871	$4,872,166	$4,230,917	$4,604,230
(5,586,968)	(5,221,493)	(4,941,871)	(4,872,166)	(4,230,917)	(4,604,230)
$0	$0	$0	$0	$0	$0
$39,906,914	$37,296,379	$35,299,079	$34,801,186	$32,545,515	$35,417,154
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%
$0	$0	$0	$0	$325,455	$354,172
0	0	0	0	(325,455)	(354,172)
$0	$0	$0	$0	$0	$0
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Medina City School District

Required Supplementary Information

Schedule of School District Contributions

School Employees Retirement System of Ohio

Last Ten Fiscal Years

	2022	2021	2020	2019
Net Pension Liability:				
Contractually Required Contribution	$1,674,952	$1,567,630	$1,583,504	$1,499,799
Contributions in Relation to the Contractually Required Contribution	(1,674,952)	(1,567,630)	(1,583,504)	(1,499,799)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$11,963,943	$11,197,357	$11,310,743	$11,109,622
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.50%
Net OPEB Liability:				
Contractually Required Contribution (2)	$210,056	$216,420	$176,576	$257,611
Contributions in Relation to the Contractually Required Contribution	(210,056)	(216,420)	(176,576)	(257,611)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	1.76%	1.93%	1.56%	2.32%
Total Contributions as a Percentage of Covered Payroll (2)	15.76%	15.93%	15.56%	15.82%

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

See accompanying notes to the Required Supplementary Information

2018	2017	2016	2015	2014	2013
$1,556,267	$1,406,864	$1,433,740	$1,308,268	$1,250,166	$1,192,105
(1,556,267)	(1,406,864)	(1,433,740)	(1,308,268)	(1,250,166)	(1,192,105)
$0	$0	$0	$0	$0	$0
$11,527,904	$10,049,029	$10,241,000	$9,926,164	$9,019,954	$8,613,473
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%
$237,349	$184,983	$168,646	$250,703	$165,548	$147,940
(237,349)	(184,983)	(168,646)	(250,703)	(165,548)	(147,940)
$0	$0	$0	$0	$0	$0
2.06%	1.84%	1.65%	2.53%	1.84%	1.72%
15.56%	15.84%	15.65%	15.71%	15.70%	15.56%

Net Pension Liability

Changes in Assumptions – STRS

Beginning with fiscal year 2022, 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 years 2018-2021 and fiscal year 2017 and prior are presented as follows:

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost of Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

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

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

Changes in Assumptions – SERS

Beginning in fiscal year 2022, an assumption of 2.0 percent was used for COLA or Ad Hoc Cola. For fiscal years 2018 through 2021, an assumption of 2.5 percent was used. Prior to 2018, an assumption of 3 percent was used.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented as follows:

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Amounts reported for 2022 use mortality rates based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Net OPEB Liability (Asset)

Changes in Assumptions – STRS

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

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

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

Changes in Benefit Terms – STRS

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

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

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

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

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022, premium based on June 30, 2021, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented as follows:

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

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

Municipal Bond Index Rate:	
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

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MEDINA CITY SCHOOL DISTRICT
MEDINA COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor / Pass Through Grantor / Program Title	Federal Assistance Listing Number	Receipts	Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through the Ohio Department of Education:			
Special Education Cluster:			
Special Education - Grants to States	84.027	$ 274,127	$ 202,563
		1,075,891	1,124,385
COVID-19 Special Education - Grants to States		4,466	4,466
Total Special Education Grants to States		1,354,484	1,331,414
Special Education - Preschool Grants	84.173	3,456	1,677
		35,002	36,496
		4,499	4,499
Total Special Education Preschool Grants		42,957	42,672
Total Special Education Cluster		1,397,441	1,374,086
Title I Grants to Local Educational Agencies	84.010	77,041	55,784
		369,052	410,002
		29,935	29,507
		24,900	27,133
		10,108	10,108
			15,690
Total - Title I Grants to Local Educational Agencies		511,036	548,224
English Language Acquisition State Grants	84.365	9,349	9,068
			6,199
Total English Language Acquisition State Grants		9,349	15,267
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	28,556	17,290
		141,220	157,259
Total Supporting Effective Instruction State Grants		169,776	174,549
Student Support and Academic Enrichment Program	84.424	31,421	33,765
		7,449	6,951
Total Student Support and Academic Enrichment Program		38,870	40,716
COVID-19 Education Stabilization Fund	84.425D	9,897	9,897
		748,869	749,649
	84.425U	592,963	592,965
Total Education Stabilization Fund		1,351,729	1,352,511
Total U.S. Department of Education		**3,478,201**	**3,505,353**
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the Ohio Department of Education:			
Nutrition Cluster:			
School Breakfast Program	10.553	471,123	471,123
Total National School Breakfast Program		471,123	471,123
National School Lunch Program - Non-Cash Contributions	10.555	210,729	210,729
National School Lunch Program		3,044,888	671,641
COVID-19 - National School Lunch Program		180,123	180,123
Total National School Lunch Program		3,435,740	1,062,493
Summer Food Service Program for Children	10.559		11,847
Total Nutrition Cluster		3,906,863	1,545,463
COVID-19 Pandemic Electronic Benefit Transfer	10.649	3,063	3,063
Total U.S. Department of Agriculture		**3,909,926**	**1,548,526**
Totals		**$7,388,127**	**$5,053,879**

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

NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2022

NOTE A – BASIS OF PRESENTATION

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) includes the federal award activity of Medina City School District, Medina County, Ohio (the District) under programs of the federal government for the year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE
KEITH FABER

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

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

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Medina City School District, Medina County, Ohio (the District) as of and for the year ended June 30, 2022, 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 17, 2023, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

July 17, 2023

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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Medina City School District's, Medina County, Ohio, (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Medina City School District's major federal programs for the year ended June 30, 2022. Medina City School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

Qualified Opinion on Education Stabilization Fund

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, Medina City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Education Stabilization Fund for the year ended June 30, 2022.

Unmodified Opinion on the Other Major Federal Program

In our opinion, Medina City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying schedule of findings for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on Education Stabilization Fund

As described in finding 2022-002 in the accompanying schedule of findings, the District did not comply with requirements regarding Special Tests and Provisions – Wage Rate Requirements applicable to its Education Stabilization Fund major federal program.

Compliance with such requirements is necessary, in our opinion, for the District to comply with requirements applicable to that program.

Responsibilities of Management for Compliance

The District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our compliance audit described in the accompanying corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance**.** We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2022-002, to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our audit described in the accompanying corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

July 17, 2023

MEDINA CITY SCHOOL DISTRICT
MEDINA COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING 2022-001

Significant Deficiency – Bank Reconciliations

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

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

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

Monthly bank to book reconciliations were prepared each month during fiscal year 2022. However, from July 2021 - May 2022 there were unsupported adjustments on the bank reconciliation that ranged from $143,471 to ($30,336). In addition, unsupported adjustments in the amounts of $551 and $24 were made to the accounting system in June 2022 to allow the District to reconcile at fiscal year-end. The adjustment amounts were not consistent on the bank reconciliation over several months and were not approved by the Board.

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

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

Officials' Response: See Corrective Action Plan

3. FINDINGS FOR FEDERAL AWARDS

Finding Number:	**2022-002**
AL Number and Title:	**AL 84.425 Education Stabilization Fund**
Federal Award Identification Number / Year:	**2022**
Federal Agency:	**U.S. Department of Education**
Compliance Requirement:	**Special Tests and Provisions – Wage Rate Requirements**
Pass-Through Entity:	**Ohio Department of Education**
Repeat Finding from Prior Audit?	**No**

Noncompliance and Material Weakness – Prevailing Wage Requirements

2 CFR § 3474.1 provides that the Department of Education (DOE) adopts the Office of Management and Budget (OMB) Guidance in **2 CFR part 200**. Thus, this section gives regulatory effect to the OMB guidance and supplements the guidance as needed for the DOE, except as otherwise noted in that section.

Appendix II to 2 CFR part 200, Paragraph D states that all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following:

(D) Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of $2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland “Anti-Kickback” Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

Lack of proper internal controls over Federal grants management led to the following:

- The District expended $46,993 of its Education Stabilization Fund - Elementary and Secondary School Emergency Relief (ESSER II) Fund, AL #84.425D, federal grant funds for the replacement/renovation heating, ventilation, and air conditioning (HVAC) systems and related electrical work. The District’s contracts with the contractors for these projects did not include a provision to ensure the contractors complied with Federal wage rate requirements. Additionally, the District did not obtain weekly certified payroll reports from the contractor to verify payment of prevailing wages.

Noncompliance and Material Weakness – Prevailing Wage Requirements (Continued)

- The District expended $470,000 of its Education Stabilization Fund - Elementary and Secondary School Emergency Relief (ESSER II) Fund, AL #84.425D, federal grant funds for the replacement/renovation of HVAC systems and related electrical work. The District's contracts with the contractors for these projects did not include a provision to ensure the contractors complied with Federal wage rate requirements. However, the District did obtain weekly certified payroll reports from the contractor to verify payment of prevailing wages.

- The District expended $4,139 of its Education Stabilization Fund - Elementary and Secondary School Emergency Relief (ESSER II) Fund, AL #84.425D, federal grant funds for the replacement/renovation of HVAC systems and related electrical work without obtaining weekly certified payroll reports from the contractor to verify prevailing wages were paid. However, the District's contracts with these contractors for these projects included a provision to ensure the contractors complied with Federal wage rate requirements.

Failure to have effective controls in place over wage-rate requirements may result in the District and its contractors or subcontractors failing to pay prevailing wages when required by Federal law and could result in reduction of future Federal funding or other sanctions imposed by Federal grantors.

When required by Federal grant legislation, the District should ensure contracts for prime construction in excess of $2,000 paid with Federal grant monies contain provisions that require the contractor to comply with the wage rate requirements and ensure certified payroll reports are provided weekly by the contractor. The District should review the certified payroll reports and report all suspected or reported violations to the Federal awarding agency.

Officials' Response: See Corrective Action Plan

Medina
City Schools

Recognizing Potential ~ Maximizing Achievement

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	**Significant Deficiency – Bank Reconciliations** Monthly bank to book reconciliations were prepared for each month during 2021; however, the District had unreconciled net variances each month and at year-end.	Not Corrected	A similar comment is include in the current year Schedule of Findings.

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Medina City Schools

Recognizing Potential ~ Maximizing Achievement

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
June 30, 2022

Finding Number: 2022-001

Planned Corrective Action: Medina City School District has always been proactive in reconciling book to bank. The district has worked with the Auditor of State local team to modify balance inequities in the past as additional investments and purchases have added to the reconciling process. We feel we have checks and balances for each deposit into and expense from the district.

Moving forward, the Treasurer and Assistant Treasurer will become more team oriented towards the reconciling process to better handle the variances this process presents.

Anticipated Completion Date: June 30, 2024

Responsible Contact Person: Laura Molnar

Finding Number: 2022-002

Planned Corrective Action: The Business Manager has been in the position for under a year. As such, he inherited the issue of non-compliance. He has been made fully aware of the issue and will be placing this item into all contracts paid using federal funds.

Anticipated Completion Date: June 30, 2024

Responsible Contact Person: Ryan O'Cull

[739 Weymouth Rd Medina, Ohio 44256 [P 330-725-8831 [F 330-636-3811

OHIO AUDITOR OF STATE
KEITH FABER

MEDINA CITY SCHOOL DISTRICT

MEDINA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 8/3/2023

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