



OHIO AUDITOR OF STATE  
**KEITH FABER**





**MIDVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY**

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LORAIN COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### ***Report on the Financial Statements***

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

**Opinion**

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

**Emphasis of Matter**

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

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

February 18, 2021

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**Midview Local School District  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2020  
Unaudited**

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

**Financial Highlights**

Key financial highlights for 2020 are as follows:

- In total, net position increased \$167,799. Net position of governmental activities increased \$266,217 from 2019 net position, while the net position of business-type activities decreased \$98,418 from 2019 net position.
- General revenues accounted for \$33,505,380 while program specific revenues in the form of charges for services, grants and contributions accounted for \$6,770,440.
- The District had \$38,957,227 in expenses related to governmental activities; only \$6,069,070 of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily taxes and unrestricted grants and entitlements), and program revenues were adequate to provide for these programs resulting in an increase of net position from a balance of \$11,975,052 to \$12,241,269.
- The District had \$799,788 in expenses related to business-type activities; only \$701,370 of these expenses were offset by program specific charges for services, grants and contributions.
- The District had an impairment loss of \$1,806,506, due to roofing issues on two of their buildings. A settlement of \$1,455,500 related to the roofing issues was received in fiscal year 2020. These two amounts offset for a loss of \$351,006 reported as a special item. The District also issued \$6,500,000 in certificates of participation to aid in the repairs to the roofs.

**Using these Basic Financial Statements**

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

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

**Midview Local School District  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2020  
Unaudited**

**Reporting the District as a Whole**

*The Statement of Net Position and Statement of Activities*

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

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

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

Governmental Activities – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Business-type Activities – These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District's food service operations are reported as business-type activities.

**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

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

**Midview Local School District  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2020  
Unaudited**

***Governmental Funds***

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

***Proprietary Funds***

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

***Fiduciary Funds***

The District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The District's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities – Fiduciary Funds on page 30. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**The District as a Whole**

The Statement of Net Position provides the perspective of the District as a whole. The table on the following page provides a summary of the District's net position for 2020 and 2019.

**Midview Local School District  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2020  
Unaudited**

**Table 1  
Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 54,681,432	\$ 41,665,702	\$ 107,224	\$ 145,111	\$ 54,788,656	\$ 41,810,813
Restricted assets	-	1,094,198	-	-	-	1,094,198
Net OPEB asset	1,986,488	1,934,880	-	-	1,986,488	1,934,880
Capital assets, net	<u>34,079,172</u>	<u>36,961,926</u>	<u>144,657</u>	<u>163,736</u>	<u>34,223,829</u>	<u>37,125,662</u>
Total assets	<u>90,747,092</u>	<u>81,656,706</u>	<u>251,881</u>	<u>308,847</u>	<u>90,998,973</u>	<u>81,965,553</u>
Deferred outflows of resources:						
Deferred charge on refunding	688,622	693,469	-	-	688,622	693,469
Pension	6,371,647	8,767,896	72,275	101,310	6,443,922	8,869,206
OPEB	<u>598,025</u>	<u>390,893</u>	<u>34,673</u>	<u>14,133</u>	<u>632,698</u>	<u>405,026</u>
Total deferred outflows of resources	<u>7,658,294</u>	<u>9,852,258</u>	<u>106,948</u>	<u>115,443</u>	<u>7,765,242</u>	<u>9,967,701</u>
Current liabilities	4,020,366	3,944,922	76,082	76,065	4,096,448	4,020,987
Long-term liabilities:						
Due within one year	1,691,010	1,700,318	24,639	20,590	1,715,649	1,720,908
Other long-term items	22,602,181	16,793,731	28,182	39,604	22,630,363	16,833,335
Net pension liability	33,497,600	33,138,217	668,709	638,880	34,166,309	33,777,097
Net OPEB liability	<u>3,008,918</u>	<u>3,271,932</u>	<u>288,527</u>	<u>313,748</u>	<u>3,297,445</u>	<u>3,585,680</u>
Total liabilities	<u>64,820,075</u>	<u>58,849,120</u>	<u>1,086,139</u>	<u>1,088,887</u>	<u>65,906,214</u>	<u>59,938,007</u>
Deferred inflows of resources:						
Property taxes	15,780,368	14,503,757	-	-	15,780,368	14,503,757
Payment in lieu of taxes	644,363	621,212	-	-	644,363	621,212
Pension	1,664,159	2,252,511	11,521	24,983	1,675,680	2,277,494
OPEB	<u>3,255,152</u>	<u>3,307,312</u>	<u>80,918</u>	<u>31,751</u>	<u>3,336,070</u>	<u>3,339,063</u>
Total deferred inflows of resources	<u>21,344,042</u>	<u>20,684,792</u>	<u>92,439</u>	<u>56,734</u>	<u>21,436,481</u>	<u>20,741,526</u>
Net investment in capital assets	18,275,476	20,575,633	144,657	163,736	18,420,133	20,739,369
Restricted for:						
Capital projects	2,775,534	3,282,977	-	-	2,775,534	3,282,977
Debt service	2,700	2,700	-	-	2,700	2,700
Other purposes	1,298,165	868,927	-	-	1,298,165	868,927
Unrestricted (deficit)	<u>(10,110,606)</u>	<u>(12,755,185)</u>	<u>(964,406)</u>	<u>(885,067)</u>	<u>(11,075,012)</u>	<u>(13,640,252)</u>
Total net position (deficit)	\$ <u>12,241,269</u>	\$ <u>11,975,052</u>	\$ <u>(819,749)</u>	\$ <u>(721,331)</u>	\$ <u>11,421,520</u>	\$ <u>11,253,721</u>

**Midview Local School District  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2020  
Unaudited**

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

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

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

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

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

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

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

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows. As of June 30, 2020, there is no expectation that the District will be required to increase pension/OPEB funding to cover the net pension/OPEB liability.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the District, total assets and deferred outflows of resources exceed total liabilities and deferred inflows by \$11,421,520 at the close of the most recent fiscal year. The main reason for the increase in net position is a result of the District recording the activity related to GASB 68 and GASB 75. During fiscal year 2020, the District's net position increased \$167,799.

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

Total assets and deferred outflows of resources increased by \$6,830,961 from 2019 to 2020, while the District's total liabilities and deferred inflows of resources increased by \$6,663,162. The main source for the increase in assets and deferred outflows was related to an increase in cash and cash equivalents, due to the issuance of certificates of participation for \$6,500,000. This increase was offset by a decrease in deferred outflows for pension as well as a decrease in capital assets due to an impairment. The most significant change in liabilities and deferred inflows of resources was an increase in long-term liabilities which were related to issuance of certificates of participation for \$6,500,000.

**Midview Local School District  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2020  
Unaudited**

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

**Table 2  
Changes in Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 4,484,913	\$ 4,623,675	\$ 241,268	\$ 318,071	\$ 4,726,181	\$ 4,941,746
Operating grants and contributions	1,544,157	1,358,163	460,102	580,190	2,004,259	1,938,353
Capital grants and contributions	40,000	16,645	-	-	40,000	16,645
Total program revenues	<u>6,069,070</u>	<u>5,998,483</u>	<u>701,370</u>	<u>898,261</u>	<u>6,770,440</u>	<u>6,896,744</u>
General revenues:						
Property taxes	18,967,157	17,546,352	-	-	18,967,157	17,546,352
Grants and entitlements	13,805,988	14,424,452	-	-	13,805,988	14,424,452
Investment earnings	490,122	490,147	-	1,005	490,122	491,152
Other	242,113	288,848	-	-	242,113	288,848
Total general revenues	<u>33,505,380</u>	<u>32,749,799</u>	<u>-</u>	<u>1,005</u>	<u>33,505,380</u>	<u>32,750,804</u>
Total revenues	<u>39,574,450</u>	<u>38,748,282</u>	<u>701,370</u>	<u>899,266</u>	<u>40,275,820</u>	<u>39,647,548</u>
<b>Expenses:</b>						
Program expenses:						
Instruction:						
Regular	19,862,396	15,832,023	-	-	19,862,396	15,832,023
Special	4,313,858	3,390,568	-	-	4,313,858	3,390,568
Vocational	205,025	169,482	-	-	205,025	169,482
Other	153,944	141,183	-	-	153,944	141,183
Support services:						
Pupil	1,895,674	1,601,925	-	-	1,895,674	1,601,925
Instructional staff	1,178,647	985,556	-	-	1,178,647	985,556
Board of education	285,242	328,403	-	-	285,242	328,403
Administration	2,535,889	1,805,560	-	-	2,535,889	1,805,560
Fiscal	812,406	767,355	-	-	812,406	767,355
Business	49,758	56,135	-	-	49,758	56,135
Operation and maintenance - plant	3,804,763	3,348,366	-	-	3,804,763	3,348,366
Pupil transportation	2,018,403	1,849,241	-	-	2,018,403	1,849,241
Central	62,823	48,245	-	-	62,823	48,245
Operation of non - instructional services:						
Community services	3,311	26,540	-	-	3,311	26,540
Extracurricular activities	854,690	766,274	-	-	854,690	766,274
Interest and fiscal charges	920,398	608,065	-	-	920,398	608,065
Food service	-	-	799,788	932,242	799,788	932,242
Total expenses	<u>38,957,227</u>	<u>31,724,921</u>	<u>799,788</u>	<u>932,242</u>	<u>39,757,015</u>	<u>32,657,163</u>
Change in net position before special item	617,223	7,023,361	(98,418)	(32,976)	518,805	6,990,385
Special item	<u>(351,006)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(351,006)</u>	<u>-</u>
Change in net position	266,217	7,023,361	(98,418)	(32,976)	167,799	6,990,385
Net position at beginning of year	<u>11,975,052</u>	<u>4,951,691</u>	<u>(721,331)</u>	<u>(688,355)</u>	<u>11,253,721</u>	<u>4,263,336</u>
Net position at end of year	<u>\$ 12,241,269</u>	<u>\$ 11,975,052</u>	<u>\$ (819,749)</u>	<u>\$ (721,331)</u>	<u>\$ 11,421,520</u>	<u>\$ 11,253,721</u>

**Midview Local School District  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2020  
Unaudited**

***Effects of GASB 68***

Under GASB 68, pension expense represents additional amounts earned based on a proportionate share of the pension fund liability adjusted by a corresponding proportionate share of deferred outflows and inflows. Under GASB 68, the pension expense for 2020 is \$4,890,771, while in 2019 pension expense was \$2,942,339. The District was required to contribute \$2,678,089 and \$2,563,046 during 2020 and 2019, respectively.

***Effects of GASB 75***

Under GASB 75, OPEB expense represents additional amounts earned based on a proportionate share of the OPEB fund liability adjusted by a corresponding proportionate share of deferred outflows and inflows. Under GASB 75, the OPEB expense for 2020 is \$(514,896), while in 2019 OPEB expense was \$(4,084,984). The District was required to contribute \$55,612 and \$102,989 during 2020 and 2019, respectively.

***Business-Type Activities***

Business-type activities are comprised of the food service operations. The food service operations had expenses of \$799,788 and revenues of \$701,370. This resulted in a decrease to net position for the fiscal year of \$98,418. Revenues were mostly consistent with the prior year while expenses increased due to the effects of GASB 68. Management continually assesses the performance of the food service operations to ensure that it runs efficiently.

***Governmental Activities***

Net position of the District's governmental activities increased \$266,217. Total governmental expenses of \$38,957,227 were offset by program revenues of \$6,069,070, and general revenues of \$33,505,380. During 2020, the District reports a special item loss of \$351,006. Program revenues supported 16% of the total program governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements not restricted to specific purposes. These two revenue sources represent 83% of total governmental revenue.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2020 and 2019. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

The dependence upon general revenues during fiscal year 2020 for governmental activities is apparent, as the majority of 2020 instruction activities are supported by property taxes, grants and entitlements, investment earnings, and other general revenues. The District's taxpayers, as a whole, are the primary support for District's students.



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**Table 3  
Total Cost of Program Services**

	Governmental Activities			
	<u>Total Cost of Services 2020</u>	<u>Total Cost of Services 2019</u>	<u>Net Cost of Services 2020</u>	<u>Net Cost of Services 2019</u>
Program expenses:				
Instruction:				
Regular	\$ 19,862,396	\$ 15,832,023	\$ 15,578,838	\$ 11,694,679
Special	4,313,858	3,390,568	3,341,588	2,339,030
Vocational	205,025	169,482	203,638	168,672
Other	153,944	141,183	153,944	141,183
Support services:				
Pupil	1,895,674	1,601,925	1,744,271	1,601,925
Instructional staff	1,178,647	985,556	1,132,289	909,864
Board of education	285,242	328,403	285,242	328,403
Administration	2,535,889	1,805,560	2,535,889	1,805,560
Fiscal	812,406	767,355	812,406	767,355
Business	49,758	56,135	49,758	56,135
Operations and maintenance - plant	3,804,763	3,348,366	3,764,763	3,331,721
Pupil transportation	2,018,403	1,849,241	2,018,403	1,849,241
Central	62,823	48,245	62,823	48,245
Operation of non - instructional services:				
Community services	3,311	26,540	3,311	26,540
Extracurricular activities	854,690	766,274	280,596	49,820
Interest and fiscal charges	<u>920,398</u>	<u>608,065</u>	<u>920,398</u>	<u>608,065</u>
Total expenses	<u>\$ 38,957,227</u>	<u>\$ 31,724,921</u>	<u>\$ 32,888,157</u>	<u>\$ 25,726,438</u>

**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 20) reported a combined fund balance of \$33,881,620, which is greater than last year's total of \$23,158,323. This increase in total fund balance is explained by the increase in general fund and the building fund. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2020 and 2019.

	<u>Fund Balance June 30, 2020</u>	<u>Fund Balance June 30, 2019</u>	<u>Increase (Decrease)</u>
General	\$ 23,358,529	\$ 19,061,312	\$ 4,297,217
Building	6,515,243	13,665	6,501,578
Other governmental	<u>4,007,848</u>	<u>4,083,346</u>	<u>(75,498)</u>
Total	<u>\$ 33,881,620</u>	<u>\$ 23,158,323</u>	<u>\$ 10,723,297</u>

**Midview Local School District  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2020  
Unaudited**

**General Fund**

The District's general fund balance increased \$4,297,217 as the revenues outpaced expenditures. The table that follows assists in illustrating the revenues of the general fund. The main driver of this increase was the property tax revenue.

	<u>2020</u> <u>Amount</u>	<u>2019</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
Revenues:			
Property taxes	\$ 16,898,317	\$ 15,692,768	7.68%
Investment earnings	479,743	490,147	(2.12)
Intergovernmental	13,530,788	14,295,561	(5.35)
Tuition	3,910,819	3,907,221	0.09
Other revenue	<u>457,952</u>	<u>594,413</u>	(22.96)
Total	<u>\$ 35,277,619</u>	<u>\$ 34,980,110</u>	

The table that follows assists in illustrating the expenditures of the general fund. Overall, general fund expenditures increased \$504,979 from the prior year due to increases in instruction costs, with the main drivers being an increase in regular education due to an increase in related salaries and benefits.

	<u>2020</u> <u>Amount</u>	<u>2019</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
Expenditures by Function:			
Instruction	\$ 20,670,607	\$ 19,782,515	4.49%
Support services	10,384,725	10,707,180	(3.01)
Operation of non-instructional services	660	4,797	(86.24)
Facilities acquisition and construction	1,200	18,350	(93.46)
Extracurricular activities	<u>658,710</u>	<u>698,081</u>	(5.64)
Total	<u>\$ 31,715,902</u>	<u>\$ 31,210,923</u>	

**General Fund Budget Information**

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

For the general fund, final budget basis revenue was \$1,239,094 more than the original budget estimate of \$34,933,207. This increase was mainly from an increase in budgeted intergovernmental revenues. Actual general fund revenues, including other financing sources, were \$36,465,863, or \$293,562 more than budgeted. Final budgeted expenditures, including other financing uses, were \$33,745,079; less than the original budget estimate of \$34,588,511. Actual general fund expenditures, including other financing uses, were \$32,454,104, or \$1,290,975 less than budgeted. This decrease was mainly from a decrease in special instruction and instructional staff support services.

**Midview Local School District  
Management's Discussion & Analysis  
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**Capital Assets**

The District has \$34,223,829 invested in capital assets net of depreciation, with \$34,079,172 attributed to governmental activities. Acquisitions for governmental activities totaled \$733,659 and depreciation was \$1,773,543. The District also experienced an impairment loss of \$1,806,506 related to roofs, see Note 2. Detailed information regarding capital asset activity is included in the notes to the basic financial statements (Note 10).

**Debt**

During the year ended June 30, 2020, the District refunded \$15,705,000 in outstanding certificates of participation by issuing refunding certificates of participation in the amount of \$14,095,000. The District also issued certificates of participation in fiscal year 2020 in the amount of \$6,500,000 for roofing repair projects. At June 30, 2020, the District had \$20,595,000 in outstanding certificates of participation and paid \$1,165,000 in principal on the certificates of participation during the fiscal year. Detailed information regarding long-term debt activity is included in the notes to the basic financial statements (Notes 15 and 16).

**Current Financial Related Activities**

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

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

Of these revenue sources, the state funding decreased for fiscal year 2020 due to the COVID pandemic. Furthermore, no increase is expected in fiscal year 2021.

In the expenditure areas, the District's operating expenses for fiscal year 2020 did not exceed the operating revenue of fiscal year 2020. The administration is committed to searching for additional ways to save money, increasing efficiencies in the daily operations of the District, and pursuing private/public grants opportunities. The District will continue to be good stewards of the resources provided by our taxpayers.

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

**Midview Local School District  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2020  
Unaudited**

**Contacting the District's Financial Management**

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

# Midview Local School District

## Statement of Net Position

**June 30, 2020**

	Primary Government		Total
	Governmental	Business-Type	
	Activities	Activities	
<b>Assets:</b>			
Equity in pooled cash and cash equivalents	\$ 33,736,328	\$ 85,093	\$ 33,821,421
Accounts receivable	65,396	-	65,396
Intergovernmental receivable	769,798	-	769,798
Prepaid items	71,974	856	72,830
Materials and supplies inventory	34,563	21,275	55,838
Property taxes receivable	20,003,373	-	20,003,373
Net OPEB asset	1,986,488	-	1,986,488
Nondepreciable capital assets	2,623,557	-	2,623,557
Depreciable capital assets, net	31,455,615	144,657	31,600,272
<b>Total assets</b>	<b>90,747,092</b>	<b>251,881</b>	<b>90,998,973</b>
<b>Deferred outflows of resources:</b>			
Deferred charge on refunding	688,622	-	688,622
Pensions	6,371,647	72,275	6,443,922
OPEB	598,025	34,673	632,698
<b>Total deferred outflows of resources</b>	<b>7,658,294</b>	<b>106,948</b>	<b>7,765,242</b>
<b>Liabilities:</b>			
Accounts payable	311,693	-	311,693
Accrued wages and benefits	3,032,293	62,100	3,094,393
Accrued pension	457,375	13,982	471,357
Accrued interest payable	100,288	-	100,288
Matured compensated absences	118,717	-	118,717
<b>Long-term liabilities:</b>			
Due within one year	1,691,010	24,639	1,715,649
Due in more than one year:			
Net pension liability	33,497,600	668,709	34,166,309
Net OPEB liability	3,008,918	288,527	3,297,445
Other amounts due in more than one year	22,602,181	28,182	22,630,363
<b>Total liabilities</b>	<b>64,820,075</b>	<b>1,086,139</b>	<b>65,906,214</b>
<b>Deferred inflows of resources:</b>			
Property taxes	15,780,368	-	15,780,368
Payment in lieu of taxes	644,363	-	644,363
Pension	1,664,159	11,521	1,675,680
OPEB	3,255,152	80,918	3,336,070
<b>Total deferred inflows of resources</b>	<b>21,344,042</b>	<b>92,439</b>	<b>21,436,481</b>
<b>Net position:</b>			
Net investment in capital assets	18,275,476	144,657	18,420,133
<b>Restricted for:</b>			
Capital projects	2,775,534	-	2,775,534
Debt service	2,700	-	2,700
Other purposes	1,298,165	-	1,298,165
Unrestricted (deficit)	(10,110,606)	(964,406)	(11,075,012)
<b>Total net position (deficit)</b>	<b>\$ 12,241,269</b>	<b>\$ (819,749)</b>	<b>\$ 11,421,520</b>

The accompanying notes are an integral part of these financial statements.

# Midview Local School District

## Statement of Activities

For the Fiscal Year Ended June 30, 2020

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contribution
Instruction:				
Regular education	\$ 19,862,396	\$ 3,552,528	\$ 731,030	\$ -
Special education	4,313,858	356,904	615,366	-
Vocational education	205,025	1,387	-	-
Other	153,944	-	-	-
Support services:				
Pupils	1,895,674	-	151,403	-
Instructional staff	1,178,647	-	46,358	-
Board of education	285,242	-	-	-
Administration	2,535,889	-	-	-
Fiscal services	812,406	-	-	-
Business	49,758	-	-	-
Operations and maintenance – plant	3,804,763	-	-	40,000
Pupil transportation	2,018,403	-	-	-
Central	62,823	-	-	-
Operation of non – instructional services:				
Community services	3,311	-	-	-
Extracurricular activities	854,690	574,094	-	-
Interest and fiscal charges	920,398	-	-	-
Total governmental activities	<u>38,957,227</u>	<u>4,484,913</u>	<u>1,544,157</u>	<u>40,000</u>
Business-type activities:				
Food service	799,788	241,268	460,102	-
Totals	<u>\$ 39,757,015</u>	<u>\$ 4,726,181</u>	<u>\$ 2,004,259</u>	<u>\$ 40,000</u>

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

Change in net position before special items

Special item

Change in net position

Net position (deficit) at beginning of year

Net position (deficit) at end of year

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business Type Activities	Total
\$ (15,578,838)	\$ -	\$ (15,578,838)
(3,341,588)	-	(3,341,588)
(203,638)	-	(203,638)
(153,944)	-	(153,944)
(1,744,271)	-	(1,744,271)
(1,132,289)	-	(1,132,289)
(285,242)	-	(285,242)
(2,535,889)	-	(2,535,889)
(812,406)	-	(812,406)
(49,758)	-	(49,758)
(3,764,763)	-	(3,764,763)
(2,018,403)	-	(2,018,403)
(62,823)	-	(62,823)
(3,311)	-	(3,311)
(280,596)	-	(280,596)
(920,398)	-	(920,398)
(32,888,157)	-	(32,888,157)
-	(98,418)	(98,418)
(32,888,157)	(98,418)	(32,986,575)
16,865,174	-	16,865,174
1,857,325	-	1,857,325
244,658	-	244,658
13,805,988	-	13,805,988
490,122	-	490,122
242,113	-	242,113
33,505,380	-	33,505,380
617,223	(98,418)	518,805
(351,006)	-	(351,006)
266,217	(98,418)	167,799
11,975,052	(721,331)	11,253,721
\$ 12,241,269	\$ (819,749)	\$ 11,421,520

The accompanying notes are an integral part of these financial statements

# Midview Local School District

## Balance Sheet – Governmental Funds

June 30, 2020

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in pooled cash and cash equivalents	\$ 23,403,292	\$ 6,515,243	\$ 3,817,793	\$ 33,736,328
<b>Receivables:</b>				
Property taxes	18,081,746	-	1,921,627	20,003,373
Intergovernmental	761,675	-	8,123	769,798
Accounts	50,687	-	14,709	65,396
Materials and supplies inventory	34,563	-	-	34,563
Prepaid items	71,974	-	-	71,974
<b>Total assets</b>	<u>42,403,937</u>	<u>6,515,243</u>	<u>5,762,252</u>	<u>54,681,432</u>
<b>Liabilities, deferred inflows of resources and fund balances:</b>				
<b>Liabilities:</b>				
Accounts payable	264,838	-	46,855	311,693
Accrued wages and benefits	2,888,703	-	143,590	3,032,293
Accrued pension	432,151	-	25,224	457,375
Matured compensated absences	118,717	-	-	118,717
<b>Total liabilities</b>	<u>3,704,409</u>	<u>-</u>	<u>215,669</u>	<u>3,920,078</u>
<b>Deferred inflows of resources:</b>				
Property taxes	14,294,866	-	1,485,502	15,780,368
Payments in lieu of taxes	644,363	-	-	644,363
Unavailable revenue	401,770	-	53,233	455,003
<b>Total deferred inflows of resources</b>	<u>15,340,999</u>	<u>-</u>	<u>1,538,735</u>	<u>16,879,734</u>
<b>Fund balances:</b>				
Nonspendable	106,537	-	-	106,537
Restricted	11,000	6,515,243	4,178,323	10,704,566
Committed	116,733	-	-	116,733
Assigned	2,634,846	-	-	2,634,846
Unassigned (deficit)	20,489,413	-	(170,475)	20,318,938
<b>Total fund balances</b>	<u>23,358,529</u>	<u>6,515,243</u>	<u>4,007,848</u>	<u>33,881,620</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 42,403,937</u>	<u>\$ 6,515,243</u>	<u>\$ 5,762,252</u>	<u>\$ 54,681,432</u>

The accompanying notes are an integral part of these financial statements



# Midview Local School District

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

June 30, 2020

Total Governmental Funds Balances \$ 33,881,620

*Amounts Reported for Governmental Activities in the Statement of Net Position are different because:*

Capital assets, net used in governmental activities are not financial resources and therefore are not reported in the funds. 34,079,172

Other long-term assets are not available to pay for current-period expenditures and therefore are unearned in the funds.

Property taxes	\$ 435,888	
Intergovernmental	10,314	
Miscellaneous	8,801	
Total	<u>455,003</u>	455,003

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in Governmental Funds, an interest expenditure is reported when due. (100,288)

Long-term liabilities and deferred outflows of resources are not due and payable in the current period and are therefore not reported in the funds.

Certificates of participation	(20,595,000)	
Premium on certifications of participation	(2,358,389)	
Loss on refunding	688,622	
Compensated absences	(1,339,802)	
Total	<u>(23,604,569)</u>	(23,604,569)

The net pension liability and net OPEB liability are not due for payment in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.

Deferred outflows – pension	6,371,647	
Deferred inflows – pension	(1,664,159)	
Net pension liability	(33,497,600)	
Net OPEB asset	1,986,488	
Deferred outflows – OPEB	598,025	
Deferred inflows – OPEB	(3,255,152)	
Net OPEB liability	<u>(3,008,918)</u>	(32,469,669)

Net position of governmental activities \$ 12,241,269

The accompanying notes are an integral part of these financial statements

# Midview Local School District

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

**For the Fiscal Year Ended June 30, 2020**

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property and other taxes	\$ 16,898,317	\$ -	\$ 2,101,983	\$ 19,000,300
Intergovernmental	13,530,788	-	1,855,639	15,386,427
Investment earnings	479,743	1,578	-	481,321
Extracurricular activities	257,483	-	142,334	399,817
Tuition	3,910,819	-	-	3,910,819
Classroom materials and fees	171,067	-	-	171,067
Grants	-	-	96,805	96,805
Miscellaneous	29,402	-	267,703	297,105
Total revenues	<u>35,277,619</u>	<u>1,578</u>	<u>4,464,464</u>	<u>39,743,661</u>
<b>Expenditures:</b>				
<b>Instruction:</b>				
Regular education	16,938,482	-	980,935	17,919,417
Special education	3,386,250	-	713,508	4,099,758
Vocational education	191,931	-	-	191,931
Other	153,944	-	-	153,944
<b>Support services:</b>				
Pupils	1,802,221	-	8,647	1,810,868
Instructional staff	852,147	-	277,317	1,129,464
Board of education	284,581	-	-	284,581
Administration	2,336,546	-	-	2,336,546
Fiscal services	765,717	-	33,385	799,102
Business	49,235	-	-	49,235
Operations and maintenance – plant	2,440,788	-	419,640	2,860,428
Pupil transportation	1,799,332	-	174,424	1,973,756
Central	54,158	-	8,665	62,823
<b>Operation of non-instructional services:</b>				
Community services	660	-	-	660
<b>Extracurricular activities:</b>				
Academic and subject oriented	60,989	-	-	60,989
Sports oriented	517,693	-	137,675	655,368
Co-curricular	80,028	-	-	80,028
<b>Capital outlay:</b>				
Site improvement services	1,200	-	153,305	154,505
Building acquisition and construction	-	-	667,227	667,227
Other facilities construction services	-	-	179,866	179,866
<b>Debt service:</b>				
Principal	-	-	1,165,000	1,165,000
Interest and fiscal charges	-	-	354,324	354,324
Issuance costs	-	275,364	323,073	598,437
Total expenditures	<u>31,715,902</u>	<u>275,364</u>	<u>5,596,991</u>	<u>37,588,257</u>

(continued)

The accompanying notes are an integral part of these financial statements

## Midview Local School District

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

**For the Fiscal Year Ended June 30, 2020**

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
Total excess of revenues over (under) expenditures	3,561,717	(273,786)	(1,132,527)	2,155,404
Other financing sources (uses):				
Premium on debt issuance	-	275,364	2,141,904	2,417,268
Issuance of COPs	-	6,500,000	-	6,500,000
Issuance of refunding COPs	-	-	14,095,000	14,095,000
Payment refunded to escrow agent	-	-	(15,913,831)	(15,913,831)
Transfers – in	-	-	1,170,977	1,170,977
Sale of capital assets	-	-	13,956	13,956
Transfers – out	(720,000)	-	(450,977)	(1,170,977)
Total other financing sources (uses)	(720,000)	6,775,364	1,057,029	7,112,393
Net change in fund balance before special item	2,841,717	6,501,578	(75,498)	9,267,797
Special item – elementary building settlement	1,455,500	-	-	1,455,500
Net change in fund balance	4,297,217	6,501,578	(75,498)	10,723,297
Fund balance at beginning of year, restated	19,061,312	13,665	4,083,346	23,158,323
Fund balance at end of year	\$ 23,358,529	\$ 6,515,243	\$ 4,007,848	\$ 33,881,620

The accompanying notes are an integral part of these financial statements

# Midview Local School District

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

For the Fiscal Year Ended June 30, 2020

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Net Change in Fund Balances - Total Governmental Funds \$ 10,723,297

*Amounts Reported for Governmental Activities in the Statement of Activities are different because:*

Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation and capital outlays differed in the current period.

Capital outlay	\$	733,659	
Depreciation		(1,773,543)	
Total		(1,039,884)	(1,039,884)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal. (1,842,870)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Delinquent property and other taxes		(33,143)	
Intergovernmental		(142,761)	
Miscellaneous		6,693	
Total		(169,211)	(169,211)

Other financing sources in the governmental funds increase long-term liabilities in the Statement of Net Position.

Certificates of participation		(20,595,000)	
Premium on certificates of participation		(2,417,268)	
Total		(23,012,268)	(23,012,268)

Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Certificates of participation		1,165,000	
Payment to refunded escrow agent		15,913,831	
Total		17,078,831	17,078,831

(continued)

The accompanying notes are an integral part of these financial statements

# Midview Local School District

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

### For the Fiscal Year Ended June 30, 2020

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds.

Compensated absences	89,325	
Accrued interest on bonds	(7,760)	
Amortization of premium	58,879	
Amortization of deferred loss on refunding	(18,756)	
Total		121,688

Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.

Pension	2,623,365	
OPEB	50,746	
Total		2,674,111

Except for amounts reported as deferred outflows/inflows, changes in net pension/OPEB liability are reported as pension/OPEB expense in the Statement of Activities.

Pension	(4,790,645)	
OPEB	523,168	
Total		(4,267,477)

*Change in Net Position of Governmental Activities* \$ 266,217

The accompanying notes are an integral part of these financial statements

# Midview Local School District

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

**For the Fiscal Year Ended June 30, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Property and other taxes	\$ 16,239,145	\$ 16,239,145	\$ 16,635,577	\$ 396,432
Intergovernmental	12,872,658	13,725,893	13,583,650	(142,243)
Investment earnings	395,811	422,047	417,673	(4,374)
Extracurricular activities	170,466	181,765	179,881	(1,884)
Tuition	3,704,215	3,949,741	3,908,809	(40,932)
Classroom materials and fees	162,113	172,858	171,067	(1,791)
Miscellaneous	1,388,799	1,480,852	1,465,506	(15,346)
<b>Total revenues</b>	<b>34,933,207</b>	<b>36,172,301</b>	<b>36,362,163</b>	<b>189,862</b>
<b>Expenditures:</b>				
<b>Instruction:</b>				
Regular education	16,789,212	16,373,515	16,673,547	(300,032)
Special education	4,086,266	3,987,135	3,535,796	451,339
Vocational education	211,056	205,842	190,992	14,850
Other	155,203	151,450	157,432	(5,982)
<b>Supporting services:</b>				
Pupils	1,970,889	1,922,954	1,805,564	117,390
Instructional staff	1,285,302	1,254,737	897,055	357,682
Board of education	295,017	289,094	372,395	(83,301)
Administration	2,612,806	2,549,119	2,358,767	190,352
Fiscal services	876,022	854,810	784,117	70,693
Business	65,517	63,918	48,452	15,466
Operation and maintenance – plant	2,946,484	2,877,382	2,584,041	293,341
Pupil transportation	1,938,620	1,892,503	1,714,467	178,036
Central	43,496	42,506	40,662	1,844
Community services	3,589	3,500	660	2,840
<b>Extracurricular activities:</b>				
Academic and subject oriented	16,405	15,999	43,374	(27,375)
Sports oriented	549,385	535,767	512,197	23,570
Co-curricular	14,346	13,990	13,386	604
Capital outlay	21,708	21,200	1,200	20,000
<b>Total expenditures</b>	<b>33,881,323</b>	<b>33,055,421</b>	<b>31,734,104</b>	<b>1,321,317</b>
Excess revenues over expenditures	1,051,884	3,116,880	4,628,059	1,511,179
<b>Other financing sources (uses):</b>				
Advances – in	-	-	103,700	103,700
Transfers – out	(655,918)	(639,658)	(720,000)	(80,342)
Advances – out	(51,270)	(50,000)	-	50,000
<b>Total other financing sources (uses)</b>	<b>(707,188)</b>	<b>(689,658)</b>	<b>(616,300)</b>	<b>73,358</b>
Net change in fund balance	344,696	2,427,222	4,011,759	1,584,537
Fund balance at beginning of year	17,771,519	17,771,519	17,771,519	-
Prior year encumbrances appropriated	565,076	565,076	565,076	-
Fund balance at end of year	\$ 18,681,291	\$ 20,763,817	\$ 22,348,354	\$ 1,584,537

The accompanying notes are an integral part of these financial statements

# Midview Local School District

## Statement of Fund Net Position – Proprietary Fund

June 30, 2020

	Business-Type Activities
	Food Service
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 85,093
Prepaid items	856
Materials and supplies inventory	21,275
Total current assets	<u>107,224</u>
Non-current assets:	
Depreciable capital assets, net	<u>144,657</u>
Total assets	<u>251,881</u>
Deferred outflows of resources:	
Pension	72,275
OPEB	34,673
Total deferred outflows or resources	<u>106,948</u>
Liabilities:	
Current liabilities:	
Accrued wages and benefits	62,100
Accrued pension	13,982
Current portion of compensated absences	24,639
Total current liabilities	<u>100,721</u>
Long-term liabilities:	
Compensated absences	28,182
Net pension liability	668,709
Net OPEB liability	288,527
Total long-term liabilities	<u>985,418</u>
Total liabilities	<u>1,086,139</u>
Deferred inflows of resources:	
Pension	11,521
OPEB	80,918
Total deferred inflows of resources	<u>92,439</u>
Net position:	
Net investment in capital assets	144,657
Unrestricted (deficit)	<u>(964,406)</u>
Total (deficit) net position	<u>\$ (819,749)</u>

The accompanying notes are an integral part of these financial statements.

# Midview Local School District

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

For the Fiscal Year June 30, 2020

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	Business-Type Activities
	Food Service
Operating revenues:	
Charges for services	\$ 241,268
Operating expenses:	
Salaries and wages	230,507
Fringe benefits	175,679
Contractual services	30,825
Materials and supplies	212,353
Other operating expenses	126,490
Depreciation expense	23,934
Total operating expenses	799,788
Operating loss	(558,520)
Non-operating revenues (expenses):	
Grant revenue	460,102
Net loss	(98,418)
Total (deficit) net position at beginning of year	(721,331)
Total (deficit) net position at end of year	\$ (819,749)

The accompanying notes are an integral part of these financial statements.



# Midview Local School District

## Statement of Cash Flows – Proprietary Fund

**For the Fiscal Year June 30, 2020**

	<u>Business-Type Activities</u>
	<u>Food Service</u>
<b>Decrease in cash and cash equivalents:</b>	
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 241,268
Cash payments for contractual services	(30,825)
Cash payments for materials and supplies	(216,524)
Cash payments to employees for services	(341,279)
Cash payments for employee benefits	(152,358)
Cash payments for other operating expenses	(2,418)
<i>Net cash used by operating activities</i>	<u>(502,136)</u>
<b>Cash flows from non-capital financing activities:</b>	
Grants received	460,102
<b>Cash flows from capital financing activities:</b>	
Capital additions	<u>(4,855)</u>
Net decrease in cash and cash equivalents	(46,889)
Cash and cash equivalents at beginning of year	<u>131,982</u>
Cash and cash equivalents at end of year	\$ <u><u>85,093</u></u>
<b><i>Reconciliation of operating loss to net cash used by operating activities:</i></b>	
Operating loss	\$ (558,520)
Adjustments:	
Depreciation	23,934
Changes in assets/liabilities/deferred outflows/inflows:	
Decrease in prepaid items	24
Increase in inventory	(9,026)
Decrease in deferred outflows – pension	36,874
Increase in deferred outflows – OPEB	9,727
Increase in accrued wages and benefits	3,170
Increase in accrued compensated absences	(7,373)
Decrease in accrued pension	(3,153)
Decrease in net pension liability	28,061
Decrease in deferred inflows – pension	(19,534)
Increase in net OPEB liability	19,405
Decrease in deferred inflows – OPEB	(25,725)
Total adjustments	<u>56,384</u>
<i>Net cash used by operating activities</i>	\$ <u><u>(502,136)</u></u>

The accompanying notes are an integral part of these financial statements.

# Midview Local School District

## Statement of Fiduciary Assets and Liabilities – Fiduciary Funds

**June 30, 2020**

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	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ <u>135,207</u>
Total assets	\$ <u><u>135,207</u></u>
Liabilities:	
Due to others	\$ <u>135,207</u>
Total liabilities	\$ <u><u>135,207</u></u>

The accompanying notes are an integral part of these financial statements.

# Midview Local School District

## Notes to the Basic Financial Statements

### For the Fiscal Year Ended June 30, 2020

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#### **Note 1: Description of the School District and Reporting Entity**

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

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

The District currently operates three elementary schools, one middle school, and one comprehensive high school. The District employs 139 non-certified and 214 certified (including administrative) full-time and part-time employees to provide services to approximately 2,946 students in grades K through 12 and various community groups.

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

#### **Note 2: Summary of Significant Account Policies**

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

##### **A. Reporting Entity**

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. Component units are legally separate organizations for which the District is financially accountable.

The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the District is obligated for the debt of the organization.

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### **Note 2: Summary of Significant Accounting Policies (continued)**

##### **A. Reporting Entity (continued)**

Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units.

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

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

##### **B. Fund Accounting**

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

##### *Governmental Funds*

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

##### *General Fund*

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

##### *Building Fund*

The Building Fund is a capital projects fund that is used to account for the proceeds from the issuance of Certificates of Participation to be used for the school facility upgrades.

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### Note 2: Summary of Significant Accounting Policies (continued)

##### *B. Fund Accounting (continued)*

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

##### *Proprietary Funds*

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

##### *Enterprise Funds*

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

##### *Internal Service Funds*

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

##### *Fiduciary Funds*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has two agency funds, one to account for resources that belong to the student bodies and one to account for costs related to Ohio High School Athletic Association tournaments.

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### **Note 2: Summary of Significant Accounting Policies (continued)**

##### **C. Basis of Presentation**

###### *Government-wide Financial Statements*

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements except for interfund services provided and used. The internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses. The statements distinguish between governmental and business-type activities of the District.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation, with brief explanations, to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

###### *Fund Financial Statements*

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

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

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### **Note 2: Summary of Significant Accounting Policies (continued)**

##### **C. Basis of Presentation (continued)**

###### *Fund Financial Statements (continued)*

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

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

Agency funds do not report a measurement focus as they do not report operations.

##### **D. Basis of Accounting**

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

###### *Revenues – Exchange and Non-Exchange Transactions*

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

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

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### **Note 2: Summary of Significant Accounting Policies (continued)**

##### ***D. Basis of Accounting (continued)***

###### *Revenues – Exchange and Non-Exchange Transactions (continued)*

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

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

###### *Unearned Revenue*

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned. The District does not have any unearned revenue at June 30, 2020.

###### *Deferred Outflows/Inflows of Resources*

In addition to assets, the financial statements that report net position may include a section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources are reported for deferred charges on refunding, for pension and OPEB in the Statements of Net Position. The deferred outflows of resources related to pension and OPEB are explained in Note 11 and Note 12.

In addition to liabilities, the statements that report net position may include a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, payments in lieu of taxes, unavailable revenue, OPEB and pension. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes delinquent property taxes, interest, and intergovernmental grants and tuition. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported in the Statements of Net Position (Note 11 and 12).



# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### **Note 2: Summary of Significant Accounting Policies (continued)**

##### ***D. Basis of Accounting (continued)***

###### *Expenses/Expenditures*

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

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

##### ***E. Budgetary Process***

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2020 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 15, the Board-adopted budget is filed with the Lorain County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2020.

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### **Note 2: Summary of Significant Accounting Policies (continued)**

##### ***E. Budgetary Process (continued)***

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures for all funds, which is the legal level of budgetary control (state statute permits a temporary appropriation to be effective until no later than October 1 of each year). Although the legal level of budgetary control was established at the fund level of expenditures for the general fund, the District has elected to present its respective budgetary statement comparison at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Short-term inter-fund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the legal level of budgetary control for a fund must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with the general obligation bond indenture and other statutory provisions.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocate or increase the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2020.
9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the legal level of budgetary control for the fund.

##### ***F. Cash and Cash Equivalents***

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as “equity in pooled cash and cash equivalents” on the financial statements. During fiscal year 2020, investments were limited to money market accounts, negotiable certificates of deposit, commercial paper, United States government securities and State Treasury Asset Reserve of Ohio (STAR Ohio).

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits, commercial paper and repurchase agreements are reported at cost.

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### **Note 2: Summary of Significant Accounting Policies (continued)**

##### ***F. Cash and Cash Equivalents (continued)***

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

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

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2020 amounted to \$479,743, which includes \$70,213 assigned from other District funds.

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

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

##### ***G. Inventory***

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

##### ***H. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure /expense is reported in the fiscal year in which services are consumed.

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### Note 2: Summary of Significant Accounting Policies (continued)

##### *I. Capital Assets*

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

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business - Type Activities Estimated Lives</u>
Land Improvements	3-40 years	N/A
Buildings and Improvements	2-40 years	N/A
Furniture and Equipment	3-20 years	4-20 years
Vehicles	8-20 years	N/A

##### *J. Interfund Balances*

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

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### **Note 2: Summary of Significant Accounting Policies (continued)**

##### ***K. Compensated Absences***

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

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

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

##### ***L. Accrued Liabilities and Long-term Obligations***

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

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

##### ***M. Pensions/Other Postemployment Benefits (OPEB)***

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net 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.

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### **Note 2: Summary of Significant Accounting Policies (continued)**

##### ***N. Net Position***

Net position represents the difference between assets, liabilities and deferred outflows/inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for other grants, classroom facilities maintenance, data communications, student wellness and success, miscellaneous state grants, and miscellaneous federal grants.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. As of June 30, 2020, net position restricted was \$4,076,399 in the Statement of Net Position, none of which were by enabling legislation.

##### ***O. Fund Balance***

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

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

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

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

*Assigned:* Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education. Through the District’s purchasing policy, the Board has given the Treasurer the authority to constrain monies for intended purposes.

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### **Note 2: Summary of Significant Accounting Policies (continued)**

##### ***O. Fund Balance (continued)***

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

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

##### ***P. Operating Revenues and Expenses***

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

##### ***Q. Interfund Activity***

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

##### ***R. Estimates***

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

##### ***S. Special items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District and that are either unusual in nature or infrequent in occurrence. In 2020, the District reported had two special items. The first related to the impairment of two of buildings' roofs totaling \$1,806,506. Also in 2020, the District received construction settlements totaling \$1,455,500.

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### **Note 3: Change in Accounting Principles and Restatement**

##### *Newly Adopted Accounting Pronouncements*

For fiscal year 2020, the District implemented the following *Governmental Accounting Standards* issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 90, *Majority Equity Interests, an amendment to GASB 14 and 61*. This Statement modified previous guidance for reporting a government's equity interest in a legally separate organization. This Statement also provides guidance for reporting a component unit if a government acquires a 100% equity interest in the component unit. The implementation of this GASB pronouncement did not result in any changes to the District's financial statements.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement was issued in May 2020 and extends the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. The requirements of this Statement were effective immediately and implemented by the District.

GASB Implementation Guide No. 2018-1, *Implementation Guidance Update – 2018*, issued in May 2018, provides guidance that clarifies, explains or elaborates on GASB Statements. The requirements of this Implementation Guide apply to the financial statements of all state and local governments unless narrower applicability is specifically provided for in the pronouncement addressed by a question and answer. These changes were incorporated in the District's 2020 financial statements; however, there was no effect on beginning net position.

##### *Newly Issued Accounting Pronouncements, Not Yet Adopted*

GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Activities meeting the criteria should be reported in a fiduciary fund in the basic financial statements. GASB subsequently issued GASB Statement No. 95, which deferred the effective date of this standard to reporting periods beginning after December 15, 2019. The District has not yet determined the impact that this GASB pronouncement will have on its financial statements and disclosures.

GASB Implementation Guide No. 2019-2, *Fiduciary Activities*, issued in June 2019, provides guidance to address issues related to accounting and financial reporting for fiduciary activities in accordance with the requirements of GASB Statement No. 84. GASB subsequently issued GASB Statement No. 95, which deferred the effective date of this standard to reporting periods beginning after December 15, 2019. The District has not yet determined the impact that this GASB pronouncement will have on its financial statements and disclosures.



# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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

##### *Newly Issued Accounting Pronouncements, Not Yet Adopted (continued)*

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

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, issued in June 2018, establishes guidance designed to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period by simplifying accounting for interest cost incurred before the end of a construction period. GASB subsequently issued GASB Statement No. 95, which deferred the effective date of this standard to reporting periods beginning after December 15, 2020. The District has not yet determined the impact that this GASB pronouncement will have on its financial statements and disclosures.

GASB Implementation Guide No. 2019-1, *Implementation Guide Update-2019* and GASB Implementation Guide No. 2019-3, *Leases*, effective dates were also deferred as a result of GABS Statement No. 95. The effective date of these implementation guides are reporting periods beginning after June 15, 2020 and June 15, 2021, respectively. The District has not yet determined the impact that these implementation guides will have on its financial statements and disclosures.

##### ***Restatement***

For fiscal year 2020, the employee benefits self-insurance fund, previously reported as an internal service fund was determined to be part of the general fund. This change in accounting principle had the following effects on fund balance and proprietary net position as reported June 30, 2019. There was no change to beginning governmental activities net position.

	<u>General Funds</u>	<u>Total Governmental Funds</u>
Fund balance at June 30, 2019	\$ 18,787,902	\$ 22,884,913
Change in fund classification	<u>273,410</u>	<u>273,410</u>
Restated fund balance at July 1, 2019	\$ <u>19,061,312</u>	\$ <u>23,158,323</u>

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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

##### Restatement (continued)

	Internal Service Fund
Net position at June 30, 2019	\$ 273,410
Change in fund classification	<u>(273,410)</u>
Restated net position at July 1, 2019	\$ <u><u>-</u></u>

#### Note 4: Fund Balances

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

<u>Fund Balances</u>	<u>General</u>	<u>Building</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Nonspendable:				
Prepays	\$ 71,974	\$ -	\$ -	\$ 71,974
Inventory	<u>34,563</u>	<u>-</u>	<u>-</u>	<u>34,563</u>
Total nonspendable	<u>106,537</u>	<u>-</u>	<u>-</u>	<u>106,537</u>
Restricted for:				
Debt service payments	-	-	2,700	2,700
Community activities	-	-	377,312	377,312
Athletics	-	-	100,918	100,918
Student wellness and success	-	-	143,912	143,912
Capital improvements	-	6,515,243	3,442,790	9,958,033
Other purposes	<u>11,000</u>	<u>-</u>	<u>110,691</u>	<u>121,691</u>
Total restricted	<u>11,000</u>	<u>6,515,243</u>	<u>4,178,323</u>	<u>10,704,566</u>
Committed to:				
Other purposes	<u>116,733</u>	<u>-</u>	<u>-</u>	<u>116,733</u>
Assigned to:				
Fiscal year 2021 operations	2,247,584	-	-	2,247,584
Other purposes	<u>387,262</u>	<u>-</u>	<u>-</u>	<u>387,262</u>
Total assigned	<u>2,634,846</u>	<u>-</u>	<u>-</u>	<u>2,634,846</u>
Unassigned (deficit)	<u>20,489,413</u>	<u>-</u>	<u>(170,475)</u>	<u>20,318,938</u>
Total fund balance	\$ <u>23,358,529</u>	\$ <u>6,515,243</u>	\$ <u>4,007,848</u>	\$ <u>33,881,620</u>

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### **Note 5: Budgetary Basis of Accounting**

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- (b) Expenditures and other financing uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- (c) Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
- (d) Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
- (e) Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. These include the special trust fund, the uniform school supplies fund, the summer school fund, the public school support fund, the special enterprise fund employee benefits self-insurance fund and the underground storage tanks fund.

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

	<u>Net Change In Fund Balance</u>
GAAP Basis	\$ 4,297,217
Net Adjustment for Revenue Accruals	(271,824)
Advances - in	103,700
Net Adjustment for Expenditure Accruals	379,737
Adjustment for Encumbrances	(512,925)
To reclassify the net change in fund balance for funds combined with the general fund for GASB 54	<u>15,854</u>
Budget Basis	\$ <u><u>4,011,759</u></u>

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### **Note 6: Deposits and Investments**

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

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

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

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

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed two hundred and seventy days in an amount not to exceed forty percent of the interim monies available for investment at any one time; and

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### **Note 6: Deposits and Investments (continued)**

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

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

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

#### **Deposits**

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

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

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

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

At year-end, the bank balance of the District's deposits was \$3,852,632. At year-end \$1,468,109 of the District's total bank balance was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. One of the District's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50% resulting in the uninsured and uncollateralized balance. The District also has \$300 in petty cash on hand.

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### Note 6: Deposits and Investments (continued)

##### Investments

Investments are reported at measurement value. As of June 30, 2020, the District had the following investments:

	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>
Federal Home Loan Bank (FHLB)	\$ 256,803	\$ 256,803	\$ -
Federal Farm Credit Banks (FFCB)	522,638	-	522,638
Federal Home Loan Mortgage Corporation (FHLMC)	760,081	-	760,081
Negotiable certificates of deposit	2,692,082	748,432	1,943,650
Money market	58,036	58,036	-
Commercial paper	1,039,637	1,039,637	-
Amortized cost:			
STAR Ohio	<u>24,941,489</u>	<u>24,941,489</u>	<u>-</u>
Total portfolio	<u>\$ 30,270,766</u>	<u>\$ 27,044,397</u>	<u>\$ 3,226,369</u>

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements as of June 30, 2020:

- STAR Ohio is measured at amortized cost, which approximates fair value. At June 30, 2020, the average days to maturity was 41.5 days.
- FHLB, FFCB, FHLMC and commercial paper are measured based on Level 2 inputs, using matrix pricing.
- Negotiable certificates of deposit are measured based on Level 2 inputs, using matrix pricing.
- Money market is valued at amortized cost, which approximates fair value. (Level 1)

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

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### **Note 6: Deposits and Investments (continued)**

##### **Investments (continued)**

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

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

*Concentration of Credit Risk* is defined by the Governmental Accounting Standards Board as five percent or more in the securities of a single issuer. The District's investment policy requires diversification of the portfolio but does not indicate specific percentage allocations. The following is the District's allocation as of June 30, 2020:

<u>Investment Issuer</u>	<u>Percentage of Investments</u>
FHLB	0.8%
FFCB	1.7
FHLMC	2.5
Money market	0.2
Negotiable certificates of deposit	8.9
Commercial paper	3.4
STAR Ohio	82.5

#### **Note 7: Receivables**

Receivables at June 30, 2020 consisted of taxes, accounts and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds.

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### **Note 7: Receivables (continued)**

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

Governmental activities:	
Title I-A	\$ 2,199
Title II-A	5,924
Casino tax receivable	40,105
City of Elyria	719,379
Ohio Department of Education	<u>2,191</u>
Total governmental activities	\$ <u>769,798</u>

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

#### **Note 8: Property Taxes**

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

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2020 represents collections of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed value listed as of January 1, 2019, the lien date. Assessed values for real property taxes are established by state law at 35% 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 2020 represents collections of calendar year 2019 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien December 31, 2018, are levied after April 1, 2019 and are collected in 2020 with real property taxes. Public utility real property is assessed at 35% of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received from telephone companies during calendar 2020 were levied after October 1, 2019, on the value as of December 31, 2019. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures, is no longer levied and collected.



# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

#### **Note 8: Property Taxes (continued)**

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Midview Local School District. The County Auditor periodically advances to the District its portion of the taxes. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

	<u>2020 First-Half Collections</u>		<u>2019 Second-Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 506,437,760	87.05%	\$ 501,105,900	92.04%
Public utility personal	<u>75,330,690</u>	<u>12.95%</u>	<u>43,326,920</u>	<u>7.96%</u>
	<u>\$ 581,768,450</u>	<u>100.00%</u>	<u>\$ 544,432,820</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ <u>54.03</u>		\$ <u>54.68</u>	

Accrued property taxes receivable includes real property, public utility property, and tangible personal taxes which became measurable as of June 30, 2020 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount of real property taxes available as an advance at June 30 were levied to finance current year fiscal year operations. The receivable is, therefore, offset by a credit to deferred inflow of resources for that portion not levied to finance current fiscal year operations. The late settlement and the amount available to the District as an advance at June 30, 2020 are recognized as revenue.

At June 30, 2020, \$3,396,102 was available as an advance to the general fund and \$391,015 for the permanent improvement fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

#### **Note 9: Interfund Transfers and Balances**

##### *Interfund Transfers*

Interfund transfers for the year ended June 30, 2020, consisted of the following, as reported on the fund statements.

	<u>Transfers – out</u>		
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers – in:			
Nonmajor governmental	\$ <u>720,000</u>	\$ <u>450,977</u>	\$ <u>1,170,977</u>

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

#### Note 9: Interfund Transfers and Balances (continued)

##### *Interfund Transfers (continued)*

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

#### Note 10: Capital Assets

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

	<u>Balance at 7/1/19</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at 6/30/20</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ <u>2,236,608</u>	\$ <u>386,949</u>	\$ <u>-</u>	\$ <u>2,623,557</u>
Total capital assets, not being depreciated	<u>2,236,608</u>	<u>386,949</u>	<u>-</u>	<u>2,623,557</u>
Capital assets, being depreciated:				
Land improvements	7,988,147	-	-	7,988,147
Buildings and improvements	52,450,287	9,000	(2,949,398)	49,509,889
Furniture and equipment	5,708,026	163,286	(47,977)	5,823,335
Vehicles	<u>3,106,180</u>	<u>174,424</u>	<u>(315,757)</u>	<u>2,964,847</u>
Total capital assets being depreciated	<u>69,252,640</u>	<u>346,710</u>	<u>(3,313,132)</u>	<u>66,286,218</u>
Less accumulated depreciation:				
Land improvements	(5,170,564)	(354,173)	-	(5,524,737)
Buildings and improvements	(23,050,724)	(1,134,585)	1,142,892	(23,042,417)
Furniture and equipment	(4,472,031)	(202,660)	43,189	(4,631,502)
Vehicles	<u>(1,834,003)</u>	<u>(82,125)</u>	<u>284,181</u>	<u>(1,631,947)</u>
Total accumulated depreciation	<u>(34,527,322)</u>	<u>(1,773,543)</u>	<u>1,470,262</u>	<u>(34,830,603)</u>
Total capital assets being depreciated, net	<u>34,725,318</u>	<u>(1,426,833)</u>	<u>(1,842,870)</u>	<u>31,455,615</u>
Governmental activities capital assets, net	\$ <u>36,961,926</u>	\$ <u>(1,039,884)</u>	\$ <u>(1,842,870)</u>	\$ <u>34,079,172</u>

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

#### Note 10: Capital Assets (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular education	\$ 1,272,512
Special education	1,042
Vocational education	2,576
Support services:	
Instructional staff	38,832
Administration	9,044
Operations and maintenance – plant	358,493
Pupil transportation	78,835
Community services	1,451
Extracurricular activities	<u>10,758</u>
Total	\$ <u>1,773,543</u>

	<u>Balance at 7/1/19</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at 6/30/20</u>
Business-type activities:				
Capital assets being depreciated:				
Furniture and equipment	\$ <u>647,242</u>	\$ <u>4,855</u>	\$ <u>-</u>	\$ <u>652,097</u>
Total capital assets being depreciated	<u>647,242</u>	<u>4,855</u>	<u>-</u>	<u>652,097</u>
Less accumulated depreciation:				
Furniture and equipment	<u>(483,506)</u>	<u>(23,934)</u>	<u>-</u>	<u>(507,440)</u>
Total accumulated depreciation	<u>(483,506)</u>	<u>(23,934)</u>	<u>-</u>	<u>(507,440)</u>
Business-type activities capital assets, net	\$ <u>163,736</u>	\$ <u>(19,079)</u>	\$ <u>-</u>	\$ <u>144,657</u>

#### Note 11: Pension Plans

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

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

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### **Note 11: Pension Plans (continued)**

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

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

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

GASB Statement No. 68 and 75 assumes the liability (asset) is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for OPEB benefits including primarily health care. In most cases, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium.

State statute requires the retirement systems to amortize unfunded pension/OPEB liabilities within 30 years. If the pension/OPEB amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability on the accrual basis of accounting. Funded benefits is presented as a long-term net pension/OPEB asset. Any liability for the contractually-required contribution outstanding at the end of the year is included in accrued pension on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

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

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

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### Note 11: Pension Plans (continued)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0% while the funding for Health Care Fund was 0.0%.

The District's contractually required pension contributions to SERS was \$625,421 for fiscal year 2020. Of this amount \$65,639 is reported as accrued pension.

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### **Note 11: Pension Plans (continued)**

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

Plan Description – District licensed teachers and other faculty members participate in STRS, a cost-sharing multiple-employer public employee retirement system. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be viewed by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll-free 888-227-7877.

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53% of the 14.00% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14.00% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### Note 11: Pension Plans (continued)

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2020 the employer rate was 14% and the plan members were also required to contribute 14% of covered salary.

The District's contractually required contribution to STRS was \$2,052,668 for fiscal year 2020. Of this amount \$350,106 is reported as accrued pension.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of net pension liability prior measurement date	0.127488%	0.120411%	
Proportion of net pension liability current measurement date	<u>0.127731%</u>	<u>0.119940%</u>	
Change in proportionate share	<u>0.000243%</u>	<u>(0.000471)%</u>	
Proportionate share of the net pension liability	\$ 7,642,387	\$ 26,523,922	\$ 34,166,309
Pension expense	\$ 1,144,303	\$ 3,746,468	\$ 4,890,771

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

#### Note 11: Pension Plans (continued)

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 193,793	\$ 215,949	\$ 409,742
Change in assumptions	-	3,115,747	3,115,747
Changes in proportionate share and difference between District contributions and proportionate share of contributions	6,795	233,549	240,344
District contributions subsequent to the measurement date	<u>625,421</u>	<u>2,052,668</u>	<u>2,678,089</u>
Total deferred outflows of resources	\$ <u>826,009</u>	\$ <u>5,617,913</u>	\$ <u>6,443,922</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 114,817	\$ 114,817
Net difference between projected and actual earned on investments	98,099	1,296,346	1,394,445
Changes in proportionate share and difference between District contributions and proportionate share of contributions	<u>33,586</u>	<u>132,832</u>	<u>166,418</u>
Total deferred inflows of resources	\$ <u>131,685</u>	\$ <u>1,543,995</u>	\$ <u>1,675,680</u>



# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### Note 11: Pension Plans (continued)

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

The District reported \$2,678,089 as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2021	\$ 186,814	\$ 1,804,310	\$ 1,991,124
2022	(167,018)	293,517	126,499
2023	(6,528)	(201,797)	(208,325)
2024	<u>55,635</u>	<u>125,220</u>	<u>180,855</u>
Total	\$ <u>68,903</u>	\$ <u>2,021,250</u>	\$ <u>2,090,153</u>

##### *E. Actuarial Assumptions - SERS*

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2035.

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.

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

#### Note 11: Pension Plans (continued)

##### E. Actuarial Assumptions - SERS (continued)

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

Valuation date	June 30, 2019
Actuarial cost method	Entry age normal (level percent of payroll)
Actuarial Assumptions:	
Investment rate of return	7.50%, net of investments expense
COLA or Ad Hoc COLA	2.50%, on or after April, 1 2018, COLA's for future retirees will be delayed for three years following commencement.
Future salary increases, including inflation	3.50% to 18.20%
Inflation	3.00%

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120% of male rates and 110% of female rates used. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement.

The most recent experience study was completed June 30, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00%	0.50%
US equity	22.50	4.75
International equity	22.50	7.00
Fixed income	19.00	1.50
Private equity	10.00	8.00
Real assets	15.00	5.00
Multi-asset strategies	10.00	3.00
Total	<u>100.00%</u>	

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

#### Note 11: Pension Plans (continued)

##### E. Actuarial Assumptions - SERS (continued)

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

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

	1% Decrease <u>(6.50%)</u>	Current Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
District's proportionate share of the net pension liability	\$ 10,709,717	\$ 7,642,387	\$ 5,070,048

##### F. Actuarial Assumptions – STRS

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	12.50% at age 20 to 2.50% at age 65
Payroll increase	3.00%
Investment rate of return	7.45%, net of investment expenses, including inflation
Discount rate of return	7.45%
Cost-of-living adjustments (COLA)	0.00% effective July 1, 2017

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

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### Note 11: Pension Plans (continued)

##### F. Actuarial Assumptions – STRS (continued)

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

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

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

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

\*\*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### Note 11: Pension Plans (continued)

##### F. Actuarial Assumptions – STRS (continued)

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.45%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45%), or one percentage point higher (8.45%) than the current rate.

	1% Decrease <u>(6.45%)</u>	Current Discount Rate <u>(7.45%)</u>	1% Increase <u>(8.45%)</u>
District's proportionate share of the net pension liability	\$ 38,761,757	\$ 26,523,922	\$ 16,163,968

##### G. Social Security System

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

#### Note 12: Defined Benefit OPEB Plans

##### A. Plan Description - School Employees Retirement System (SERS)

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

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### **Note 12: Defined Benefit OPEB Plans (continued)**

##### **A. Plan Description - School Employees Retirement System (SERS) (continued)**

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14.0% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year ended June 30, 2020, 0.0% of covered payroll was made to health care. Active employee members do not contribute to the Health Care Plan. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year ended June 30, 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2.0% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the District's surcharge obligation was \$55,612.

The surcharge, added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS for healthcare was \$55,612 for fiscal year 2020. Of this amount \$55,612 is reported as accrued pension.

##### **B. Plan Description – State Teachers Retirement System (STRS)**

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

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

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

#### Note 12: Defined Benefit OPEB Plans (continued)

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of net OPEB liability/asset prior measurement date	0.129248%	0.120411%	
Proportion of net OPEB liability/asset current measurement date	<u>0.131122%</u>	<u>0.119940%</u>	
Change in proportionate share	<u>0.001874%</u>	<u>(0.000471)%</u>	
Proportionate share of the net OPEB liability	\$ 3,297,445	\$ -	\$ 3,297,445
Proportionate share of the net OPEB asset	\$ -	\$ 1,986,488	\$ 1,986,488
OPEB expense (reduction of expense)	\$ 94,544	\$ (609,440)	\$ (514,896)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 48,404	\$ 180,089	\$ 228,493
Change in assumptions	240,841	41,756	282,597
Difference between projected and actual earnings on plan investments	7,915	-	7,915
Changes in proportionate share and difference between District contributions and proportionate share of contributions	43,490	14,591	58,081
District contributions subsequent to the measurement date	<u>55,612</u>	<u>-</u>	<u>55,612</u>
Total deferred outflows of resources	\$ <u>396,262</u>	\$ <u>236,436</u>	\$ <u>632,698</u>

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

#### Note 12: Defined Benefit OPEB Plans (continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 724,426	\$ 101,065	\$ 825,491
Change in assumptions	184,779	2,177,951	2,362,730
Difference between projected and actual earnings on plan investments	-	124,766	124,766
Changes in proportionate share and difference between District contributions and proportionate share of contributions	<u>15,587</u>	<u>7,496</u>	<u>23,083</u>
Total deferred inflows of resources	\$ <u>924,792</u>	\$ <u>2,411,278</u>	\$ <u>3,336,070</u>

The \$55,612 reported as deferred outflows of resources related to OPEB resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2021	\$ (196,486)	\$ (475,447)	\$ (671,933)
2022	(89,625)	(475,447)	(565,072)
2023	(87,302)	(425,443)	(512,745)
2024	(87,680)	(407,904)	(495,584)
2025	(84,501)	(395,864)	(480,365)
Thereafter	<u>(38,548)</u>	<u>5,263</u>	<u>(33,285)</u>
Total	\$ <u>(584,142)</u>	\$ <u>(2,174,842)</u>	\$ <u>(2,758,984)</u>

#### D. Actuarial Assumptions – SERS

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

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



# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### Note 12: Defined Benefit OPEB Plans (continued)

##### D. Actuarial Assumptions – SERS (continued)

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

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

Wage inflation	3.00%
Projected salary increases	3.50% to 18.20%, including inflation
Investment rate of return	7.50%
Municipal bond index rate:	
Measurement date	3.13%
Prior measurement date	3.62%
Single equivalent interest rate, net of plan investment expense, including price inflation	
Measurement date	3.22%
Prior Measurement date	3.70%
Medical Trend Assumption	
Medicare	5.25% to 4.75%
Pre-Medicare	7.00% to 4.75%

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class.

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### Note 12: Defined Benefit OPEB Plans (continued)

##### D. Actuarial Assumptions – SERS (continued)

These ranges were combined to produce the long-term expected rate of return, 7.50%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00%	0.50%
US equity	22.50	4.75
International equity	22.50	7.00
Fixed income	19.00	1.50
Private equity	10.00	8.00
Real assets	15.00	5.00
Multi-asset strategies	<u>10.00</u>	3.00
Total	<u>100.00%</u>	

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the State statute contribution rate of 1.50% of projected covered employee payroll each year, which includes a 1.50% 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 future benefit payments during the fiscal year ending June 30, 2029. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2029 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13%, as of June 30, 2019 (i.e., municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

#### Note 12: Defined Benefit OPEB Plans (continued)

##### D. Actuarial Assumptions – SERS (continued)

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

	<u>1% Decrease</u> <u>(2.22%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(3.22 %)</u>	<u>1% Increase</u> <u>(4.22%)</u>
District’s proportionate share of the net OPEB liability	\$ 4,002,473	\$ 3,297,445	\$ 2,736,865

  

	<u>1% Decrease</u>	<u>Current</u> <u>Trend Rate</u>	<u>1% Increase</u>
District’s proportionate share of the net OPEB liability	\$ 2,641,921	\$ 3,297,445	\$ 4,167,166

##### E. Actuarial Assumptions – STRS

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

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

	<u>Initial</u>	<u>Ultimate</u>
Health care cost trends		
Medical		
Pre-Medicare	5.87%	4.00%
Medicare	4.93%	4.00%
Prescription drug		
Pre-Medicare	7.73%	4.00%
Medicare	9.62%	4.00%

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

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### Note 12: Defined Benefit OPEB Plans (continued)

##### *E. Actuarial Assumptions – STRS (continued)*

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

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

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

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

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

\*\* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

#### Note 12: Defined Benefit OPEB Plans (continued)

##### E. Actuarial Assumptions – STRS (continued)

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

	<u>1% Decrease</u> <u>(6.45%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.45%)</u>	<u>1% Increase</u> <u>(8.45%)</u>
District's proportionate share of the net OPEB asset	\$ 1,695,072	\$ 1,986,488	\$ 2,231,500

  

	<u>1% Decrease</u>	<u>Current</u> <u>Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB asset	\$ 2,252,586	\$ 1,986,488	\$ 1,660,582

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

#### Note 13: Other Employee Benefits

##### A. Compensated Absences

The criteria for determining vacation, personal leave, sick leave, and compensatory time components are derived from negotiated agreements and state laws. Classified employees and administrators earn 10 to 25 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### **Note 13: Other Employee Benefits (continued)**

##### **A. *Compensated Absences (continued)***

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated with no maximum. Upon retirement, payment is made for 25% of the total sick leave accumulation, up to a maximum accumulation of 340 days for certified employees. For administrators, payment is made for 25% of the total sick leave accumulation, up to a maximum accumulation of 340 days. For classified employees, the payment is made for 25% of the first 100 days accumulated; 35% for days 101-250; and 50% for days 251-351. An employee receiving such payment must meet the retirement provisions set by STRS or SERS.

##### **B. *Life Insurance***

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

##### **C. *Early Retirement Incentive***

The District offers employees participation in a Retirement Incentive Program. Participation is open to certificated employees who opt to retire and have been approved by STRS Ohio to receive reduced retirement benefits other than disability retirement. Eligible employees must notify the Board of their intention to retire in writing, no later than March 15 of the year they intend to retire. Eligible employees who fulfill the above requirements will receive a lump sum payment of \$5,000.

There were no installments outstanding at fiscal year-end related to the 2018-2019 Retirement Incentive Program. The installment of the 2019-2020 Retirement Incentive Programs will be paid starting in July 2020. The payment of \$5,000 will be made from the general fund and is reported as a liability in the fund financial statements.

#### **Note 14: Risk Management**

##### **A. *Property and Liability***

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2020, the District has contracted with Schools of Ohio Risk Sharing Authority (Agent: CF Risk & Insurance LLC) for property and general liability insurance. Professional liability is provided by Schools of Ohio Risk Sharing Authority with a \$17,000,000 aggregate limit.

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

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

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### **Note 14: Risk Management (continued)**

##### **A. Property and Liability (continued)**

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

##### **B. Workers' Compensation**

For fiscal year 2020, the District participated in the Ohio Association of School Business Officials Group Rating Plan (GRP). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation premiums are reduced by virtue of the GRP discount. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. The firm CompManagement Inc. provides administrative, cost control and actuarial services to the GRP.

##### **C. Medical**

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

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

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

#### Note 15: Long-Term Liabilities

Changes in long-term debt activity for the year ended June 30, 2020 was as follows:

	Interest Rate	Issue Date	Balance 7/1/19	Additions	Reductions	Balance 6/30/20	Amounts Due in One Year
Governmental activities:							
Certificates of participation	3.1% - 4.0%	11/02/12	\$ 16,870,000	\$ -	\$ 16,870,000	\$ -	\$ -
Premium on certificates of participation	n/a	11/02/12	194,922	-	194,922	-	-
Refunding certificates of participation	4.0%	2/20/20	-	14,095,000	-	14,095,000	1,225,000
Premium on refunding certificates of participation	n/a	2/20/20	-	2,141,904	56,793	2,085,111	-
Certificates of participation	1.25% - 4.0%	6/16/20	-	6,500,000	-	6,500,000	65,000
Premium on certificates of participation	n/a	6/16/20	-	275,364	2,086	273,278	-
Net pension liability:							
SERS	n/a	n/a	6,662,589	311,089	-	6,973,678	-
STRS	n/a	n/a	26,475,628	48,294	-	26,523,922	-
Net OPEB liability:							
SERS	n/a	n/a	3,271,932	-	263,014	3,008,918	-
Compensated absences	n/a	n/a	<u>1,429,127</u>	<u>551,868</u>	<u>641,193</u>	<u>1,339,802</u>	<u>401,010</u>
Total governmental activities			\$ <u>54,904,198</u>	\$ <u>23,923,519</u>	\$ <u>18,028,008</u>	\$ <u>60,799,709</u>	\$ <u>1,691,010</u>
Business-type activities:							
Net pension liability – SERS	n/a	n/a	\$ 638,880	\$ 29,829	\$ -	\$ 668,709	\$ -
Net OPEB liability – SERS	n/a	n/a	313,748	-	25,221	288,527	-
Compensated absences	n/a	n/a	<u>60,194</u>	<u>17,939</u>	<u>25,312</u>	<u>52,821</u>	<u>24,639</u>
Total business-type activities			\$ <u>1,012,822</u>	\$ <u>47,768</u>	\$ <u>50,533</u>	\$ <u>1,010,057</u>	\$ <u>24,639</u>

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

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

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



# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### Note 15: Long-Term Liabilities (continued)

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

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

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

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

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

Principal and interest requirements to retire the long-term debt outstanding at June 30, 2020 are as follows:

	<u>Governmental Activities</u>	
	<u>Certificates of Participation</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,290,000	\$ 715,640
2022	1,255,000	692,525
2023	1,305,000	645,788
2024	1,350,000	597,913
2025	1,400,000	548,205
2026-2030	7,825,000	1,880,969
2031-2035	2,745,000	723,500
2036-2040	1,410,000	496,050
2041-2045	1,645,000	241,975
2046	370,000	7,400
Total	\$ <u>20,595,000</u>	\$ <u>6,549,965</u>

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### **Note 16: Lease Obligations**

The District also has two operating leases related to equipment.

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

	<u>Operating Leases</u>
2021	\$ 135,062
2022	<u>133,385</u>
Total minimum lease payments	<u>\$ 268,447</u>

Total expense related to the operating leases totaled \$135,062 for the year ended June 30, 2020.

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

##### **A. Jointly Governed Organizations**

###### *Lake Erie Regional Council*

The Lake Erie Regional Council (LERC) is a jointly governed organization among 11 school districts. LERC was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern. Each member provides operating resources to LERC on a per pupil or actual usage charge (except for insurance). The LERC assembly consists of a superintendent or designated representative from each participating district and the fiscal agent. LERC is governed by a board of directors chosen from the general membership. The degree of control exercised by any participating district is limited to its representation on the board. Financial information is available from the Treasurer of the Educational Service Center of Lorain County, located at 1885 Lake Avenue, Elyria, Ohio 44035. During fiscal year 2020, the District paid \$3,875,719 (including insurance premiums) to LERC.

###### *Lorain County Joint Vocational School District*

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

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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

##### **A. Jointly Governed Organizations (continued)**

###### *Connect*

The governing Board of Directors, the Educational Service Centers (ESC) of Cuyahoga, Lorain and Medina County and the Ohio Schools Council, accepted the ownership, responsibility and liability of Connect in order to provide exemplary service to member districts. Each of the governments of these districts supports Connect based upon a per pupil charge, dependent upon the software package utilized. The superintendent/executive director of the three ESCs and Ohio Schools Council serve on Connect's Board of Directors. The purpose of Connect is applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions for member districts. Fiscal information for Connect is available from the Treasurer of the Educational Service Center of Cuyahoga County (fiscal agent), located at 6393 Oak Tree Boulevard, Independence, Ohio 44131. During the year ended June 30, 2020, the District paid \$101,260 to Connect for basic service charges.

###### *Ohio Schools' Council*

The Ohio Schools' Council (the "Council") is a jointly governed organization among 254 school districts, educational service centers, joint vocational districts and Developmental Disabilities boards. The jointly governed organization was created for the purpose of saving money through volume purchases. Each member supports the Council by paying an annual participation fee. Each member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the "Council Board"). The Council Board is the policy making authority of the Council. The Council Board meets monthly September to June. The Council Board appoints the Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Council Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2020, the District paid \$118,160 to the Council. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools' Council at 6393 Oak Tree Blvd, Suite 377, Independence, Ohio 44131.

The District participates in the Council's prepaid natural gas program. This program allows school districts to purchase natural gas at reduced rates. Constellation New Energy (Formerly Compass) is the natural gas supplier and program manager. There are currently 165 participants in the program. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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

##### ***B. Related Organization***

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

##### ***C. Group Rating Program***

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

#### **Note 18: Contingencies**

##### ***A. Grants***

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

##### ***B. Litigation***

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

##### ***C. Foundation Funding***

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2020 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2020 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### **Note 19: Fund Deficits**

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

<u>Funds</u>		<u>Deficit Fund Balance</u>
Nonmajor special revenue funds:		
Title VI-B special education IDEA	\$	96,203
Title I		58,507
Classroom reduction		8,261
Elementary and secondary school emergency relief		7,504
Nonmajor enterprise funds:		
Food service		819,749

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

#### **Note 20: Set-Aside Calculations**

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

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

	<u>Capital Improvements Reserve</u>
Set-Aside Reserve Balance as of June 30, 2019	\$ -
Current Year Set-Aside Requirements	534,139
Qualifying Disbursements	<u>(1,214,846)</u>
Set-Aside Reserve Balance as of June 30, 2020	\$ <u><u>(680,707)</u></u>

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

# Midview Local School District

## Notes to the Basic Financial Statements (continued)

### For the Fiscal Year Ended June 30, 2020

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#### **Note 21: Other Significant Commitments**

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

	<u>Encumbrances</u>
General fund	\$ 394,674
Other governmental funds	<u>24,093</u>
Total other significant commitments	\$ <u><u>418,767</u></u>

## Required Supplementary Information

## Midview Local School District

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

### For the Last Seven Fiscal Years

	<u>2020(1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>
School district's proportion of the net pension liability	0.127731%	0.127488%	0.127902%	0.130258%
School district's proportionate share of the net pension liability	\$ 7,642,387	\$ 7,301,469	\$ 7,641,857	\$ 9,533,713
School district's covered payroll	\$ 4,382,621	\$ 4,222,493	\$ 4,171,450	\$ 4,046,057
School district's proportionate share of the net pension liability as a percentage of its covered payroll	174.38%	172.92%	183.19%	235.63%
Plan fiduciary net position as a percentage of the total pension liability	70.85%	71.36%	69.50%	62.98%
	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>	
School district's proportion of the net pension liability	0.130149%	0.132537%	0.132537%	
School district's proportionate share of the net pension liability	\$ 7,426,400	\$ 6,707,622	\$ 7,881,550	
School district's covered payroll	\$ 3,878,793	\$ 3,847,878	\$ 3,923,996	
School district's proportionate share of the net pension liability as a percentage of its covered payroll	191.46%	174.32%	200.86%	
Plan fiduciary net position as a percentage of the total pension liability	69.16%	71.70%	65.52%	

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

The accompany notes are an integral part of the required supplemental information.



## Midview Local School District

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

#### For the Last Seven Fiscal Years

	<u>2020(1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>
School district's proportion of the net pension liability	0.119940%	0.120411%	0.119919%	0.120076%
School district's proportionate share of the net pension liability	\$ 26,523,922	\$ 26,475,628	\$ 28,487,127	\$ 40,193,036
School district's covered payroll	\$ 14,081,371	\$ 13,688,679	\$ 13,528,807	\$ 12,760,771
School district's proportionate share of the net pension liability as a percentage of its covered payroll	188.36%	193.41%	210.57%	314.97%
Plan fiduciary net position as a percentage of the total pension liability	77.40%	77.30%	75.30%	66.80%
	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>	
School district's proportion of the net pension liability	0.116702%	0.120189%	0.120189%	
School district's proportionate share of the net pension liability	\$ 32,252,993	\$ 29,234,178	\$ 34,823,561	
School district's covered payroll	\$ 12,099,264	\$ 12,572,854	\$ 12,609,285	
School district's proportionate share of the net pension liability as a percentage of its covered payroll	266.57%	232.52%	276.17%	
Plan fiduciary net position as a percentage of the total pension liability	72.10%	74.70%	69.30%	

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

The accompany notes are an integral part of the required supplemental information.

## Midview Local School District

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

### For the Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 625,421	\$ 591,654	\$ 570,037	\$ 584,003	\$ 566,448
Contributions in relation to the contractually required contribution	<u>(625,421)</u>	<u>(591,654)</u>	<u>(570,037)</u>	<u>(584,003)</u>	<u>(566,448)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
School district covered payroll	\$ 4,467,293	\$ 4,382,621	\$ 4,222,493	\$ 4,171,450	\$ 4,046,057
Contributions as a percentage of covered payroll	14.00%	13.50%	13.50%	14.00%	14.00%
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 511,225	\$ 533,316	\$ 543,081	\$ 522,491	\$ 478,626
Contributions in relation to the contractually required contribution	<u>(511,225)</u>	<u>(533,316)</u>	<u>(543,081)</u>	<u>(522,491)</u>	<u>(478,626)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
School district covered payroll	\$ 3,878,793	\$ 3,847,879	\$ 3,923,996	\$ 3,884,688	\$ 3,807,685
Contributions as a percentage of covered payroll	13.18%	13.86%	13.84%	13.45%	12.57%

The accompany notes are an integral part of the required supplemental information.

## Midview Local School District

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

### For the Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 2,052,668	\$ 1,971,392	\$ 1,916,415	\$ 1,894,033	\$ 1,786,508
Contributions in relation to the contractually required contribution	<u>(2,052,668)</u>	<u>(1,971,392)</u>	<u>(1,916,415)</u>	<u>(1,894,033)</u>	<u>(1,786,508)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
School district covered payroll	\$ 14,661,914	\$ 14,081,371	\$ 13,688,679	\$ 13,528,807	\$ 12,760,771
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 1,693,897	\$ 1,634,471	\$ 1,639,207	\$ 1,659,905	\$ 1,611,310
Contributions in relation to the contractually required contribution	<u>(1,693,897)</u>	<u>(1,693,471)</u>	<u>(1,639,207)</u>	<u>(1,659,905)</u>	<u>(1,611,310)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
School district covered payroll	\$ 12,099,264	\$ 12,572,854	\$ 12,609,285	\$ 12,768,500	\$ 12,394,692
Contributions as a percentage of covered payroll	14.00%	13.00%	13.00%	13.00%	13.00%

The accompany notes are an integral part of the required supplemental information.

## Midview Local School District

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

#### **For the Last Four Fiscal Years**

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

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

The accompany notes are an integral part of the required supplemental information.

## Midview Local School District

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

### For the Last Four Fiscal Years

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

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

The accompany notes are an integral part of the required supplemental information.

# Midview Local School District

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

### For the Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution (1)	\$ 55,612	\$ 102,989	\$ 90,546	\$ 69,589	\$ 65,066
Contributions in relation to the contractually required contribution	<u>(55,612)</u>	<u>(102,989)</u>	<u>(90,546)</u>	<u>(69,589)</u>	<u>(65,066)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
School district covered payroll	\$ 4,467,293	\$ 4,382,621	\$ 4,222,493	\$ 4,171,450	\$ 4,046,057
Contributions as a percentage of covered payroll	1.24%	2.35%	2.14%	1.67%	1.61%
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution (1)	\$ 99,537	\$ 70,704	\$ 72,735	\$ 78,949	\$ 112,033
Contributions in relation to the contractually required contribution	<u>(99,537)</u>	<u>(70,704)</u>	<u>(72,735)</u>	<u>(78,949)</u>	<u>(112,033)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
School district covered payroll	\$ 3,878,793	\$ 3,847,879	\$ 3,923,996	\$ 3,884,688	\$ 3,807,685
Contributions as a percentage of covered payroll	2.57%	1.84%	1.85%	2.03%	2.94%

(1) Includes surcharge

The accompany notes are an integral part of the required supplemental information.

## Midview Local School District

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

### For the Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
School district covered payroll	\$ 14,661,914	\$ 14,081,371	\$ 13,688,679	\$ 13,528,807	\$ 12,760,771
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ -	\$ 125,729	\$ 126,093	\$ 127,685	\$ 123,947
Contributions in relation to the contractually required contribution	<u>-</u>	<u>(125,729)</u>	<u>(126,093)</u>	<u>(127,685)</u>	<u>(123,947)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
School district covered payroll	\$ 12,099,264	\$ 12,572,854	\$ 12,609,285	\$ 12,768,500	\$ 12,394,692
Contributions as a percentage of covered payroll	0.00%	1.00%	1.00%	1.00%	1.00%

The accompany notes are an integral part of the required supplemental information.

# Midview Local School District

## Notes to Required Supplementary Information

### For the Fiscal Year Ended June 30, 2020

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#### Note 1: Net Pension Liability

##### Changes in Assumptions – SERS

Beginning in fiscal year 2019, an assumption of 2.5% was used for COLA or Ad Hoc Cola. Prior to 2019, an assumption of 3.0% was used.

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

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

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

##### Changes in Assumptions – STRS

Beginning with fiscal year 2019, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

	<u>Fiscal Year 2019</u>	<u>Fiscal Year 2017 and Prior</u>
Inflation	2.50%	2.75%
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.25% at age 20 to 2.75% at age 70
Investment Rate of Return	7.45%, net of investment expenses, including inflation	7.75%, net of investment expenses, including inflation
Payroll Increases	3.00%	3.50%
Cost-of-Living Adjustments (COLA)	0.00%, effective July 1, 2017	2.00% simple applied as follows: for members retiring before August 1, 2013, 2.00% per year; for members retiring August 1, 2013, or later, 2.00% COLA commences on fifth anniversary of retirement date.



## Midview Local School District

Notes to Required Supplementary Information (continued)

### **For the Fiscal Year Ended June 30, 2020**

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#### **Note 1: Net Pension Liability (continued)**

##### **Changes in Assumptions – STRS (continued)**

Beginning in fiscal year 2019 post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014

Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

#### **Note 2: Net OPEB Liability**

##### **Changes in Assumptions – SERS**

Amounts reported for fiscal year 2020 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

##### **Municipal Bond Index Rate:**

Fiscal year 2020 3.56%  
Fiscal year 2019 3.62%  
Fiscal year 2018 3.56%  
Fiscal year 2017 2.92%

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

Fiscal year 2020 3.63%  
Fiscal year 2019 3.70%  
Fiscal year 2018 3.63%  
Fiscal year 2017 2.98%

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

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

## Midview Local School District

Notes to Required Supplementary Information (continued)

### **For the Fiscal Year Ended June 30, 2020**

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#### **Note 2: Net OPEB Liability (continued)**

##### **Changes in Assumptions – STRS**

For fiscal year 2019 the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*. Valuation year per capita health care costs were updated.

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

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

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

##### **Changes in Benefit Term Changes – STRS**

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

**MIDVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY**

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

<b>Federal Grantor/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Expenditures</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed Through the Ohio Department of Education:</i>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program	10.553	\$76,637	\$76,637
COVID-19 - School Breakfast Program	10.553	51,205	51,205
Total School Breakfast Program		<u>127,842</u>	<u>127,842</u>
National School Lunch Program	10.555	233,084	233,084
COVID-19 - National School Lunch Program	10.555	90,118	90,118
National School Lunch Program- Non-Cash Assistance	10.555	63,347	63,347
Total National School Lunch Program		<u>386,549</u>	<u>386,549</u>
Total Child Nutrition Cluster		<u>514,391</u>	<u>514,391</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		<b><u>514,391</u></b>	<b><u>514,391</u></b>
<b><u>U.S. DEPARTMENT OF DEFENSE</u></b>			
Air Force Junior R.O.T.C. Grant	12.000	67,938	67,938
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>		<b><u>67,938</u></b>	<b><u>67,938</u></b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed Through the Ohio Department of Education:</i>			
<u>Special Education Cluster:</u>			
Special Education - Grants to States	84.027	610,804	610,247
		127,675	108,642
Total Special Education - Grants to States		<u>738,479</u>	<u>718,889</u>
Special Education - Preschool Grants	84.173	4,561	4,561
Total Special Education Cluster		<u>743,040</u>	<u>723,450</u>
Title I Grants to Local Educational Agencies	84.010	323,300	323,018
		16,443	17,403
Total Title I Grants to Local Educational Agencies		<u>339,743</u>	<u>340,421</u>
Student Support and Academic Enrichment Program	84.424	28,691	28,691
		2,772	2,772
Total Student Support and Academic Enrichment Program		<u>31,463</u>	<u>31,463</u>
Supporting Effective Instruction State Grants	84.367	46,358	46,358
		6,186	7,337
Total Supporting Effective Instruction State Grants		<u>52,544</u>	<u>53,695</u>
Education Stabilization Fund	84.425	246,423	246,423
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>		<b><u>1,413,213</u></b>	<b><u>1,395,452</u></b>
<b>TOTAL</b>		<b><u>\$1,995,542</u></b>	<b><u>\$1,977,781</u></b>

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

**MIDVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY**

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

**NOTE A – BASIS OF PRESENTATION**

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

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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



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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Midview Local School District, Lorain County, Ohio (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 18, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

February 18, 2021



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

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

To the Board of Education:

***Report on Compliance for the Major Federal Program***

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

***Management’s Responsibility***

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

***Auditor’s Responsibility***

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

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

***Opinion on the Major Federal Program***

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

***Report on Internal Control Over Compliance***

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

February 18, 2021



**MIDVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY**

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

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Program's Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Education Cluster, CFDA 84.027 and 84.173
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

# OHIO AUDITOR OF STATE KEITH FABER



**MIDVIEW LOCAL SCHOOL DISTRICT**

**LORAIN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 3/11/2021**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)