

**CLEARVIEW LOCAL  
SCHOOL DISTRICT  
LORAIN COUNTY, OHIO**

**SINGLE AUDIT REPORT**

**FOR THE FISCAL YEAR  
ENDED JUNE 30, 2021**

***James G. Zupka, CPA, Inc.***  
**Certified Public Accountants**

**CLEARVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO  
SINGLE AUDIT REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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# JAMES G. ZUPKA, C.P.A., INC.

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*Garfield Hts., Ohio 44125*

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## INDEPENDENT AUDITOR’S REPORT

Members of the Board of Education  
Clearview Local School District  
Lorain, Ohio

The Honorable Keith Faber  
Auditor of State  
State of Ohio

### Report on the Financial Statements

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash accounting basis described in Note 2; this includes determining that the cash accounting basis is an acceptable basis for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor’s Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Clearview Local School District as of June 30, 2021, and the respective changes in cash financial position, and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting basis described in Note 2.

### ***Accounting Basis***

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

### ***Emphasis of Matter***

As discussed in Note 19 to the basic financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. As discussed in Note 20 to the basic financial statements, the school foundation aid received from the State of Ohio will be funded through the direct funding model. Our opinion is not modified with respect to these matters.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of 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 basic financial statements.

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

We applied no procedures to the Management's Discussion and Analysis presented on pages 5 through 11 of the report, and accordingly, we express no opinion or any other assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James G. Zupka, CPA, Inc." The signature is written in a cursive, flowing style.

James G. Zupka, CPA, Inc.  
Certified Public Accountants

November 24, 2021

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**CLEARVIEW LOCAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**UNAUDITED**

This discussion and analysis of the Clearview Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021, within the limitations of the cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key highlights for 2021 are as follows:

In total, net position increased \$1,648,265 or 9.6%. The School District's general receipts, which are primarily property taxes and unrestricted state entitlements, make up 58.1% of the total cash received. Dependence on these two revenue sources is significant.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School District's cash basis of accounting.

**Report Components**

The statement of net position and the statement of activities provide information about the cash activities of the School District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the School District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The School District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the School District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**UNAUDITED**

**Reporting the School District as A Whole**

The statement of net position and the statement of activities reflect how the School District did financially during 2021, within the limitations of cash basis accounting. The statement of net position presents the cash balances of the governmental activities of the School District at fiscal year-end. The statement of activities compares cash disbursements with program receipts for each function or program of the School District's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

These statements report the School District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the School District's financial health. Over time, increases or decreases in the School District's cash position is one indicator of whether the School District's financial health is improving or deteriorating. When evaluating the School District's financial condition, you should also consider other nonfinancial factors such as the School District's property tax base, the condition of the School District's capital assets and infrastructure, the extent of the School District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net position and the statement of activities, all of the School District activities are presented as governmental activities. All of the School District's programs and services are reported here including instruction, support services, non-instructional services, food services, extracurricular activities, capital outlay disbursements, and debt service.

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

Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. The School District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the School District are split into two categories: governmental and fiduciary.

**Governmental Funds** – All of the School District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the School District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the School District's programs.

The School District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The School District's major governmental funds are the General Fund and Capital Projects Fund.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**UNAUDITED**

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

**The School District as a Whole**

Table 1 provides a comparison of the School District's net position for fiscal year 2021 with fiscal year 2020:

**Table 1 - Net Position**

	2021	2020
<b>ASSETS</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 18,730,993	\$ 17,082,728
<b>Total Assets</b>	<b>18,730,993</b>	<b>17,082,728</b>
 <b>NET POSITION</b>		
Restricted for:		
Capital Projects	3,201,551	1,140,865
Debt Services	318,245	327,334
Extracurricular Activities	168,043	126,239
Capital maintenance	216,482	187,751
State Funded Programs	915,873	414,517
Federally Funded Programs	79,271	21,021
Donations	46,631	59,890
Food Services	286,366	277,415
Other Purposes	730	-
Unrestricted	13,497,801	14,527,696
<b>Total Net Position</b>	<b>\$ 18,730,993</b>	<b>\$ 17,082,728</b>

As mentioned previously, net position of governmental activities increased \$1,648,265 or 9.6% during fiscal year 2021.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**UNAUDITED**

Table 2 reflects the changes in net position for fiscal year 2021 compared with fiscal year 2020.

<b>Table 2 - Change in Net Position</b>		
	2021	2020
<b>RECEIPTS</b>		
Program Receipts:		
Charges for services and sales	\$ 4,062,564	\$ 4,352,673
Operating grants and contributions	4,930,083	3,247,809
<b>Total Program Receipts</b>	<b>8,992,647</b>	<b>7,600,482</b>
General Receipts:		
Property taxes	3,433,435	3,495,523
Payment in Lieu of Taxes	13,390	-
Grants and entitlements	9,695,954	10,528,325
Investment income	18,747	173,557
All other revenues	430,867	202,935
<b>Total General Receipts</b>	<b>13,592,393</b>	<b>14,400,340</b>
<b>Total Receipts</b>	<b>22,585,040</b>	<b>22,000,822</b>
<b>DISBURSEMENTS</b>		
Program Cash Disbursements:		
Instruction		
Regular	9,947,696	9,060,807
Special	2,053,886	2,195,475
Vocational	196,677	188,250
Other	3,221	-
Supporting Services:		
Pupils	1,009,515	952,560
Instructional Staff	264,484	223,486
Board of Education	21,796	40,662
Administration	1,570,462	1,535,640
Fiscal Services	439,277	457,076
Business	329,897	466,924
Operation and Maintenance of Plant	2,080,288	1,833,306
Pupil Transportation	512,180	413,256
Central	83,067	75,395
Operation of Non-Instructional Services:		
Food Service Operations	736,375	840,321
Community Services	-	6,676
Other Operations	12,321	3,212
Extracurricular Activities	432,741	426,089
Capital Outlay	758,477	1,077,825
Debt service		
Principal	390,000	279,999
Interest	94,415	213,856
Refund of prior year receipts	-	330
<b>Total Disbursements</b>	<b>20,936,775</b>	<b>20,291,145</b>
<b>Change in Net Position</b>	<b>1,648,265</b>	<b>1,709,677</b>
Net Position - Beginning of Year	17,082,728	15,373,051
<b>Net Position - End of Year</b>	<b>\$ 18,730,993</b>	<b>\$ 17,082,728</b>

**CLEARVIEW LOCAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**UNAUDITED**

Program receipts represent only 39.8% in fiscal year 2021 and 34.5% in fiscal year 2020 of total receipts and are primarily represented by restricted intergovernmental receipts, charges for tuition and fees, extracurricular activities, and food service sales. Operating grants and contributions increased \$1,682,274 due to monies received related to COVID-19, a bus purchase grant and a wellness grant.

General receipts represent 60.2 of total receipts in fiscal year 2021 and 65.5% in fiscal year 2020, and of this amount, 71.3% for fiscal year 2021 and 73.1% for fiscal year 2020 is the result of unrestricted grants and entitlements, which primarily represents State foundation resources. Property taxes make up 25.3% in fiscal year 2021 and 24.3% in fiscal year 2020 of the School District's general receipts. All other revenues increased \$227,932 due to BWC refunds.

The major program disbursements for governmental activities are for instruction, which accounts for 58.3% of all governmental disbursements in fiscal year 2021 and 56.4% in fiscal year 2020. Other programs which support the instruction process, including pupil and instructional staff, administrative, maintenance, and pupil transportation account for approximately 30.1% of governmental disbursements in fiscal year 2021 and 29.6% in fiscal year 2020. Total Disbursements increased \$645,630 or 3.18%.

Governmental Activities - If you look at the Statement of Activities on page 14, you will see that the first column lists the major services provided by the School District. The next column identifies the costs of providing these services. The next two columns of the Statement of Activities entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the School District that must be used to provide a specific service. The Net (Expenses) column compares the program receipts to the cost of the service. This "Net Cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3 on the next page.

**Table 3**

	Total Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2021	Net Cost of Services 2020
Program expenses				
Instruction	\$ 12,201,480	\$ 11,444,532	\$ (5,357,491)	\$ (5,396,696)
Supporting Services:				
Pupils and Instructional Staff	1,273,999	1,176,046	(125,181)	(648,562)
Board of Education, Administration, Fiscal Services, and Business	2,361,432	2,500,302	(2,259,679)	(2,377,607)
Operation and Maintenance of Plant	2,080,288	1,833,306	(2,080,288)	(1,795,284)
Pupil Transportation	512,180	413,256	(441,224)	(413,256)
Central	83,067	75,395	(83,067)	(75,395)
Operation of Non-Instructional Services				
Food service operation	736,375	840,321	6,091	(83,277)
Community services	-	6,676	-	(6,676)
Other non-instructional	12,321	3,212	(12,321)	(2,696)
Extracurricular Activities	432,741	426,089	(348,076)	(319,204)
Capital Outlay	758,477	1,077,825	(758,477)	(1,077,825)
Debt service				
Principal	390,000	279,999	(390,000)	(279,999)
Interest	94,415	213,856	(94,415)	(213,856)
Refund of prior year receipts	-	330	-	(330)
Total cost of service	<u>\$ 20,936,775</u>	<u>\$ 20,291,145</u>	<u>\$(11,944,128)</u>	<u>\$ (12,690,333)</u>

**CLEARVIEW LOCAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**UNAUDITED**

The dependence upon property taxes and other general receipts is apparent as 57.0% in fiscal year 2021 and 62.5% in fiscal year 2020 of governmental activities are supported through these general receipts. In fiscal year 2021, 43.9% and in fiscal year 2020, 47.2% of instruction activities are supported through taxes and other general revenues. Operation of food services was primarily funded by program revenues. In fiscal year 2021 and 2020, 19.6% and 25.1%, respectively, of extracurricular activities expenses are covered by program revenues. It is apparent that the community, as a whole, is the primary support for the School District.

**The School District's Funds**

The School District's governmental funds are accounted for using the cash basis of accounting. Total governmental funds had receipts of \$22,582,424, disbursements of \$20,936,775 and net other financing sources and uses of \$2,616 resulting in an increase in fund balances of \$1,648,265.

The School District's General Fund balance decreased \$1,029,895 due to an increase in transfer out to capital projects fund and the district managed activities fund.

The School District's Capital Projects Fund balance increased \$3,000,000 due to transfers in.

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2021, the School District amended its General Fund budget to reflect changing circumstances. Original and final budgeted revenues and other financing sources were budgeted at \$18,940,343 and \$19,122,609, respectively, while actual revenues and other sources was \$19,129,378. The \$6,769 difference between final and actual revenues and other sources was due to variances in multiple receipt categories, none of which were significant individually or in total.

Final expenditures and other uses were budgeted at \$ 23,104,203 while actual expenditures and other uses was \$20,712,035. The School District was able to restrict spending below what was anticipated. The School District experienced lower than expected expenditures of \$2,392,168. The School District appropriates conservatively in order to cover expenditures.

**Debt Administration**

Outstanding debt obligations of the School District consisted of:

	<u>2021</u>	<u>2020</u>
General Obligation Bonds	\$ 1,630,000	\$ 2,020,000
<b>Total Outstanding Debt</b>	<u>\$ 1,630,000</u>	<u>\$ 2,020,000</u>

**CLEARVIEW LOCAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**UNAUDITED**

**Current Issues**

The challenge for all School Districts is to provide quality education to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. However, with the latest revaluation, slight increases in valuation have been realized.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. If you have any questions about this report or need additional financial information, contact Mary Ann Nowak, Treasurer at Clearview Local District, 4700 Broadway Ave. Lorain, Ohio 44052.

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**CLEARVIEW LOCAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION- CASH BASIS**

**JUNE 30, 2021**

	Governmental Activities
<b>ASSETS</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 18,730,993
<b>Total Assets</b>	18,730,993
 <b>NET POSITION</b>	
Restricted:	
Capital Projects	3,201,551
Debt Services	318,245
Extracurricular Activities	168,043
Capital Maintenance	216,482
State Funded Programs	915,873
Federally Funded Programs	79,271
Donations	46,631
Food Services	286,366
Other Purposes	730
Unrestricted	13,497,801
<b>Total Net Position</b>	\$ 18,730,993

See accompanying notes to the basic financial statements.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES- CASH BASIS**

**FOR THE YEAR ENDED JUNE 30, 2021**

	Cash Disbursements	Program Receipts		Net (Expense) Receipts and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	
<b>Governmental activities:</b>				
Instruction:				
Regular	\$ 9,947,696	\$ 3,958,846	\$ 1,104,862	\$ (4,883,988)
Special	2,053,886	10,723	1,726,965	(316,198)
Vocational	196,677	-	42,593	(154,084)
Other	3,221	-	-	(3,221)
Supporting Services:				
Pupils	1,009,515	-	1,067,492	57,977
Instructional Staff	264,484	-	81,326	(183,158)
Board of Education	21,796	-	-	(21,796)
Administration	1,570,462	-	101,753	(1,468,709)
Fiscal Services	439,277	-	-	(439,277)
Business	329,897	-	-	(329,897)
Operation and Maintenance of Plant	2,080,288	-	-	(2,080,288)
Pupil Transportation	512,180	-	70,956	(441,224)
Central	83,067	-	-	(83,067)
Operation of Non-Instructional Services:				
Food Service Operations	736,375	9,589	732,877	6,091
Other Operations	12,321	-	-	(12,321)
Extracurricular Activities	432,741	83,406	1,259	(348,076)
Capital Outlay	758,477	-	-	(758,477)
Debt Service				
Principal	390,000	-	-	(390,000)
Interest	94,415	-	-	(94,415)
<b>Total Governmental activities</b>	<b>\$ 20,936,775</b>	<b>\$ 4,062,564</b>	<b>\$ 4,930,083</b>	<b>(11,944,128)</b>

**General Receipts:**

Property Taxes levied for:	
General Purposes	2,897,510
Debt Service	427,579
Capital Outlay	108,346
Payments in Lieu of Taxes	13,390
Grants & Entitlements Not Restricted to Specific Programs	9,695,954
Investment Income	18,747
Gain on Sale of Assets	2,616
Miscellaneous	428,251
Total General Receipts	<u>13,592,393</u>
Change in Net Position	1,648,265
Net Position - Beginning of Year	<u>17,082,728</u>
<b>Net Position - End of Year</b>	<b>\$ 18,730,993</b>

See accompanying notes to the basic financial statements.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
STATEMENT OF ASSETS AND FUND BALANCES- CASH BASIS**

**JUNE 30, 2021**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 13,497,801	\$ 3,000,000	\$ 2,233,192	\$ 18,730,993
<b>Total Assets</b>	<b>\$ 13,497,801</b>	<b>\$ 3,000,000</b>	<b>\$ 2,233,192</b>	<b>\$ 18,730,993</b>
 <b>FUND BALANCES</b>				
Restricted	-	3,000,000	2,233,192	5,233,192
Assigned	4,167,172	-	-	4,167,172
Unassigned	9,330,629	-	-	9,330,629
<b>Total Fund Balances</b>	<b>\$ 13,497,801</b>	<b>\$ 3,000,000</b>	<b>\$ 2,233,192</b>	<b>\$ 18,730,993</b>

See accompanying notes to the basic financial statements.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES  
CASH BASIS- GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2021**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>				
Property Taxes	\$ 2,897,510	\$ -	\$ 535,925	\$ 3,433,435
Intergovernmental	11,642,773	-	2,977,443	14,620,216
Interest	18,053	-	694	18,747
Tuition and Fees	3,969,569	-	-	3,969,569
Extracurricular Activities	18,319	-	65,087	83,406
Charges for Services	-	-	9,589	9,589
Contributions and Donations	-	-	5,821	5,821
Payments in Lieu of Taxes	13,390	-	-	13,390
Miscellaneous	368,613	-	59,638	428,251
<b>Total Receipts</b>	<u>18,928,227</u>	<u>-</u>	<u>3,654,197</u>	<u>22,582,424</u>
<b>DISBURSEMENTS</b>				
Current:				
Instruction:				
Regular	9,097,191	-	850,505	9,947,696
Special	1,319,887	-	733,999	2,053,886
Vocational	196,677	-	-	196,677
Other	-	-	3,221	3,221
Supporting Services:				
Pupils	1,009,465	-	50	1,009,515
Instructional Staff	180,724	-	83,760	264,484
Board of Education	21,796	-	-	21,796
Administration	1,479,977	-	90,485	1,570,462
Fiscal Services	426,894	-	12,383	439,277
Business	329,897	-	-	329,897
Operation and Maintenance of Plant	2,009,564	-	70,724	2,080,288
Pupil Transportation	441,308	-	70,872	512,180
Central	83,067	-	-	83,067
Operation of Non-Instructional Services:				
Food Service Operations	-	-	736,375	736,375
Other Non-Instructional Services	11,024	-	1,297	12,321
Extracurricular Activities	324,737	-	108,004	432,741
Capital Outlay	758,477	-	-	758,477
Debt Service:				
Principal Retirement	-	-	390,000	390,000
Interest and Fiscal Charges	-	-	94,415	94,415
<b>Total Disbursements</b>	<u>17,690,685</u>	<u>-</u>	<u>3,246,090</u>	<u>20,936,775</u>
Excess of Receipts Over (Under) Disbursements	<u>1,237,542</u>	<u>-</u>	<u>408,107</u>	<u>1,645,649</u>
<b>OTHER FINANCING SOURCES</b>				
Disposal of Assets	-	-	2,616	2,616
Advances In	52,409	-	304,555	356,964
Advances Out	(304,555)	-	(52,409)	(356,964)
Transfers In	22,066	3,000,000	44,368	3,066,434
Transfers Out	(2,037,357)	-	(1,029,077)	(3,066,434)
<b>Total Other Financing Sources</b>	<u>(2,267,437)</u>	<u>3,000,000</u>	<u>(729,947)</u>	<u>2,616</u>
Net Change in Fund Balances	(1,029,895)	3,000,000	(321,840)	1,648,265
Fund Balances - Beginning of Year	14,527,696	-	2,555,032	17,082,728
<b>Fund Balances - End of Year</b>	<u>\$ 13,497,801</u>	<u>\$ 3,000,000</u>	<u>\$ 2,233,192</u>	<u>\$ 18,730,993</u>

See accompanying notes to the basic financial statements.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES  
BUDGET BASIS AND ACTUAL- GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues and Other Sources	18,940,343	19,122,609	19,129,378	6,769
Expenditures and Other Uses	<u>23,644,277</u>	<u>23,104,203</u>	<u>20,712,035</u>	<u>2,392,168</u>
Net Change in Fund Balance	(4,703,934)	(3,981,594)	(1,582,657)	2,398,937
Fund Balance - Beginning of Year	13,139,519	13,139,519	13,139,519	-
Prior Year Encumbrances	<u>1,367,507</u>	<u>1,367,507</u>	<u>1,367,507</u>	-
Fund Balance - End of Year	<u>\$ 9,803,092</u>	<u>\$ 10,525,432</u>	<u>\$ 12,924,369</u>	<u>\$ 2,398,937</u>

See accompanying notes to the basic financial statements.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION- CASH BASIS  
CUSTODIAL FUNDS**

**JUNE 30, 2021**

	<b>Custodial Fund</b>
<b>ASSETS</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 10,471
<b>Total Assets</b>	<b>10,471</b>
 <b>LIABILITIES</b>	
Accounts Payable	10,471
<b>Total Liabilities</b>	<b>10,471</b>
 <b>NET POSITION</b>	
Restricted For:	
Individuals, Organizations, and Other Governments	-
<b>Total Net Position</b>	<b>\$ -</b>

See accompany notes to the basic financial statements.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION- CASH BASIS  
CUSTODIAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Custodial Fund</b>
<b>ADDITIONS</b>	
<b>Total Additions</b>	\$ -
<b>DEDUCTIONS</b>	
<b>Total Deductions</b>	-
Net Increase (Decrease) in Fiduciary Net Position	-
Net Position - Beginning of Year	-
<b>Net Position - End of Year</b>	<b>\$ -</b>

See accompany notes to the basic financial statements.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1 - REPORTING ENTITY**

Clearview Local District (the School District) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under an elected Board of Education consisting of five members and is responsible for providing public education to residents of the School District.

The School District is located in Lorain County and includes all of Sheffield Township and portions of the City of Lorain. It is staffed by 81 classified employees, 105 certified teaching personnel, and 15 administrative employees who provide services to 910 students and other community members. The School District currently operates three instructional buildings, one bus garage and one administrative facility.

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organizations' governing board and, 1) the School District is able to significantly influence the programs or services performed or provided by the organization; or 2) the School District is legally entitled to or can otherwise access the organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provided financial support to the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes.

Blended component units, although legally separated entities are, in substance, part of the School District's operations and so data from these units are combined with data of the School District. The School District has no component units.

The School District is associated with Metropolitan Educational Technology Association (META), the Lake Erie Regional Council of Governments, the Lorain County Joint Vocational School District, and the Ohio Schools Council, which are considered to be jointly governed organizations. These organizations and their relationships with the School District are described in more detail in Note 12 to these financial statements.

The School District's management believes these financial statements present all activities for which the School District is financially accountable.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in the Basis of Accounting section of this note, these financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District's accounting policies.

**A. BASIS OF PRESENTATION**

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

**Government-Wide Financial Statements**

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

The statement of net position presents the cash balance of the governmental activities of the School District at fiscal year-end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grant and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts.

**Fund Financial Statements**

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

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**B. FUND ACCOUNTING**

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

Governmental Funds

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other nonexchange transactions as governmental funds. The following are the School District's major fund:

General Fund - The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Capital Projects Fund- The Capital Projects Fund accounts for all transactions relating to the acquiring or constructing of capital facilities, other capital assets, and future school improvement projects.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District has no trust funds. Custodial funds are used to report fiduciary activities that are not reported in a trust fund. The custodial fund is used to account for Ohio High School Athletic Association (OHSAA) tournament activity.

**C. BASIS OF ACCOUNTING**

The School District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the School District are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BUDGETARY PROCESS

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

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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

E. CASH AND INVESTMENTS

To improve cash management, cash received by the School District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2021, investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio). 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 Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. CASH AND INVESTMENTS (continued)

The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2021 was \$ 18,053 which included \$ 4,309 assigned from other School District funds.

F. RESTRICTED ASSETS

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

G. INVENTORY AND PREPAID ITEMS

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. CAPITAL ASSETS

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. INTERFUND RECEIVABLES/PAYABLES

The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the School District's cash basis of accounting.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**K. PENSIONS / OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

For purposes of measuring the net pension/OPEB liability (asset), 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.

**L. LONG-TERM OBLIGATIONS**

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

**M. NET POSITION**

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for building maintenance. The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

**N. FUND BALANCE**

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

No spendable - The no spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of The School District Board of Education. The Board may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

O. INTERFUND TRANSACTIONS

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

NOTE 3 - COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

Total expenditures exceeded total appropriations, which is contrary to Ohio Revised Code Section 5705.41(B):

<u>Fund</u>	<u>Final Appropriations</u>	<u>Total Expenditures</u>	<u>Variance</u>
ESSER	\$ 376,351	\$ 879,258	\$ (502,907)

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

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund (and each major special revenue fund) is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as assigned fund balance (cash basis). The following table summarizes the adjustments necessary to reconcile the cash basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance	
GAAP Basis	\$ (1,029,895)
Net Adjustment for Other Financing Sources	190,538
Funds with Separate Legally Adopted Budgets **	618
Adjustment for Encumbrances	(743,918)
Budget Basis	\$ (1,582,657)

\*\* As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reported", certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund for financial statement presentation purposes. This includes the Public School Support Fund and the Latchkey Fund.

**NOTE 5 – DEPOSITS AND INVESTMENTS**

**A. LEGAL REQUIREMENTS**

State statutes classify monies held by the School 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 School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits 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.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

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.

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

Interim monies may be invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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 the 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 2% and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio), and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited.

An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

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

At fiscal year end, the School District had \$ 3,100 in cash on hand which is included on the statement assets and fund balances – cash basis of the School District as part of “Equity in pooled cash”.

B. DEPOSITS

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$928,488 of the School District’s bank balance of \$6,742,340 was covered by Federal Depository Insurance and \$5,700,717 was uninsured and collateralized with securities held by the pledging financial institution’s trust department, but not in the School District’s name. The amount that was uninsured and collateralized with securities held was greater than the bank balance due to the excess collateral allocated by OPCS at year end significantly exceeded the required amount. Two of the three School District’s financial institutions were approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System, resulting in the uninsured and uncollateralized balance.

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

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

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

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

C. INVESTMENTS

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2021, the School District had the following investments.

Investment Type	<u>Value</u>	<u>Credit Rating</u>
STAR Ohio	\$12,235,517	AAAm

As discussed in the Note 2 E, STAR Ohio is reported at its net asset value.

D. INTEREST RATE RISK

The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. 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 two percent and be marked to market daily.

E. CREDIT RISK

The School District follows the Ohio Revised Code that limits its investment choices. As of June 30, 2021, the School District's investments in STAR Ohio were rated Aam by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

F. CONCENTRATION OF CREDIT RISK

The School District places no limit on the amount that may be invested in any one issuer. The School District's allocation as of June 30, 2021 was 100 percent invested in STAR Ohio.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at 35% of appraised market value.

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

NOTE 6 - PROPERTY TAXES (continued)

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2018, were levied after April 1, 2020 and are collected in 2021 with real property taxes. Public utility real property is assessed at 35% of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Lorain County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

	2020 Second Half Collections		2021 First Half Collections	
	Amount	%	Amount	%
Agricultural Residential				
Real Estate	\$ 59,512,360	65.52%	\$ 59,790,860	65.33%
Other Commercial	26,292,780	28.95%	26,381,290	28.83%
Public Utility				
Tangible Personal Property	5,030,150	5.54%	5,349,280	5.84%
	\$ 90,835,290	100%	\$ 91,521,430	100%
 Tax Rate per \$1,000 of Assessed Valuation:	 57.57		 57.32	

NOTE 7 - RISK MANAGEMENT

The School 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. The School District has a comprehensive property and casualty policy with the Schools of Ohio Risk Sharing Authority. All board members, administrators, and employees are covered under a School District liability policy with the Schools of Ohio Risk Sharing Authority. The limits of this coverage are \$15,000,000 per occurrence and \$17,000,000 aggregate. The School District provides medical and life insurance to employees through commercial insurance coverage. The treasurer is covered with a surety bond for \$50,000 as well as a commercial coverage crime policy in the amount of \$1,000,000 that also covers remaining employees who handle money. This coverage is provided by the CF Risk & Insurance LLC. The School District has contracted with the Lake Erie Regional Council of Governments (LERC) to provide health and medical benefits. LERC is a fully insured consortium.

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

NOTE 7 - RISK MANAGEMENT (continued)

The School District provides medical, vision and dental benefits to most employees. The premium varies with employee depending on marital status and employee classification.

For fiscal year 2021, the School District participated in the Shakely Workers' Compensation Group Rating Program. The program is intended to reduce premiums for the participants. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the program. Each participant pays its rate. Participation in the program is limited to members that can meet the program's selection criteria. The School Districts apply for participation each year. Minute Men provides administrative, cost control, and actuarial services to the program. Each year the School District pays an enrollment fee to the program to cover the costs of administration.

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

NOTE 8 – LONG-TERM OBLIGATIONS

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

	Original Issue Date	Interest Rate	Original Issue Amount	Date of Maturity
General obligation bonds				
School Improvement	1999	6.125%	\$ 3,260,000	2024
Building construction	2001	5.280%	2,410,000	2023
Refunding Bonds	2006	4.000%	1,780,000	2024
Refunding				
Term and serial	2011	2.9% - 3.75%	720,000	2024

In 2006, \$1,780,000 of the 1999 school improvement bonds were advanced refunded.

The changes in the School District's long-term debt during fiscal year 2021 were as follows:

	Balance as of 6/30/2020	Issuances	Retirements	Balance as of 6/30/2021	Amounts Due In One Year
Bonds Payable	\$ 2,020,000	\$ -	\$ (390,000)	\$ 1,630,000	\$ 405,000

Bonds payable will be repaid from the Debt Service Fund.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 8 – LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2021 were as follows:

Fiscal Year Ending June 30,	Bonds Payable	
	Principal	Interest
2022	\$ 405,000	\$ 74,788
2023	440,000	55,560
2024	470,000	31,669
2025	315,000	9,647
	<u>\$ 1,630,000</u>	<u>\$ 171,664</u>

NOTE 9 – BONDS PAYABLE

Bonds payable at year end consisted of:

	Balance as of 6/30/2020	Issuances	Retirements	Balance as of 6/30/2021	Amounts Due In One Year
<i>General Obligation Bonds</i>					
School Improvement, (1999) 6.125 % through 2024	\$ 235,000	\$ -	\$ (235,000)	\$ -	\$ -
Building Construction, (2001) 5.280% through 2023	150,000	-	(150,000)	-	-
Refunding Bonds, (2006) 4.000% through 2024	1,145,000	-	(5,000)	1,140,000	250,000
Refunding Bonds, (2011) Term and Serial Bonds 2.9% - 3.8% through 2024	490,000	-	-	490,000	155,000
<i>Total General Obligation Bonds</i>	<u>\$ 2,020,000</u>	<u>\$ -</u>	<u>\$ (390,000)</u>	<u>\$ 1,630,000</u>	<u>\$ 405,000</u>

At June 30, 2021, \$1,180,000 of the 1999 general obligation bonds and \$495,000 of the 2001 general obligation bonds are considered to be defeased and still outstanding.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 10 – SET-ASIDE REQUIREMENTS**

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward and used for the same purposes in future years. The following cash basis information identifies the changes in the fund balance reserves for capital maintenance during fiscal year 2021.

	<u>Capital Improvements</u>
Set-Aside Balance as of June 30, 2020	\$ -
Current Year Set-Aside Requirements	294,071
Qualifying Disbursements	(1,519,551)
Qualifying Offsets	(40,776)
Totals	<u>\$ (1,266,256)</u>
 Set-Aside Balance Carried Forward to Future Fiscal Years	 <u>\$ -</u>
 Set-Aside Balance as of June 30, 2021	 <u>\$ -</u>

Although the School District had offsets and /or qualifying disbursements during the year that reduced the capital improvements reserve set-aside amount below zero, the amount cannot be carried forward to reduce the set-aside requirements for future years.

The amount required by State statute to be set aside to create a reserve for capital maintenance is limited to the pooled cash balance in the General Fund

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 11 – FUND BALANCES**

Fund balance is classified as no spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<i>Restricted for</i>				
Debt Service	\$ -	\$ -	\$ 318,245	\$ 318,245
Food Service Operations	-	-	286,366	286,366
Extracurricular Activities	-	-	168,043	168,043
State Grants and Programs	-	-	915,873	915,873
Federal Grants	-	-	79,271	79,271
Capital Outlay	-	3,000,000	201,551	3,201,551
Other Donations	-	-	46,631	46,631
Capital Maintenance	-	-	216,482	216,482
Other Purposes	-	-	730	730
<i>Total Restricted</i>	<u>-</u>	<u>3,000,000</u>	<u>2,233,192</u>	<u>5,233,192</u>
<i>Assigned to</i>				
Subsequent year's appropriations	3,336,427	-	-	3,336,427
Instruction	70,473	-	-	70,473
Support Services	750,146	-	-	750,146
Site Improvement Services	9,863	-	-	9,863
Other Purposes	263	-	-	263
<i>Total Assigned</i>	<u>4,167,172</u>	<u>-</u>	<u>-</u>	<u>4,167,172</u>
<i>Unassigned</i>	<u>9,330,629</u>	<u>-</u>	<u>-</u>	<u>9,330,629</u>
<b>Total Fund Balances</b>	<u><u>\$ 13,497,801</u></u>	<u><u>\$ 3,000,000</u></u>	<u><u>\$ 2,233,192</u></u>	<u><u>\$ 18,730,993</u></u>

**NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS**

**A. METROPOLITAN EDUCATIONAL TECHNOLOGY ASSOCIATION**

The School District is a participant in Metropolitan Educational Technology Association (META) which is a computer consortium that was the result of a merger between Tri-Rivers Educational Computer Association (TRECA) and the Metropolitan Educational Council (MEC). META develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eight of the member districts. During fiscal year 2021, the School District paid META \$37,038 for services. Financial information can be obtained from Metropolitan Educational Technology Association, 100 Executive Drive, Marion, Ohio 43302.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS (continued)

B. LAKE ERIE REGIONAL COUNCIL OF GOVERNMENTS (LERC)

The Lake Erie Regional Council of Governments (LERC) is a jointly governed organization among twelve districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as a media center, gas consumption, food service and insurance. Each member provided operating resources to LERC on a per pupil or 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 can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, which serves as fiscal agent, located at 1885 Lake Avenue, Elyria, Ohio 44035. During the year ended June 30, 2021, the School District paid \$2,186,600 to LERC.

C. LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

The Lorain County Joint Vocational School District is a separate body politic and corporate, established by the Ohio Revised Code to provide vocational and special education needs of the students. The Board of the Lorain County Joint Vocational School District is comprised of representatives from each participating school district and is responsible for approving its own budgets, appointing personnel, accounting, and financing related activities. Each School District's control is limited to its representation on the Board. The Clearview Local School District's students may attend the Lorain County Joint Vocational School District. Financial information can be obtained by contacting the Lorain County Joint Vocational School District, 15181 State Route 58, Oberlin, Ohio 44074.

D. OHIO SCHOOLS COUNCIL

The Ohio Schools Council (Council) is a jointly governed organization among 254 school districts. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. Financial information can be obtained by contacting the Executive Director at the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131. During the year ended June 30, 2021, the School District paid \$43,942 to the Ohio Schools Council.

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Compass Energy has been selected as the supplier and program manager.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS (continued)

D. OHIO SCHOOLS COUNCIL (continued)

There are currently over 250 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 in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

NOTE 13 - INTERFUND TRANSACTIONS

A. ADVANCES

Interfund advances during the year ended June 30, 2021 consisted of the following:

	Advance from Other		Total
	General Fund	Governmental Funds	
Advance to General Fund	\$ -	\$ 52,409	\$ 52,409
Other Governmental Funds	304,555	-	304,555
Total	\$ 304,555	\$ 52,409	\$ 356,964

Advances from the General Fund to Other Governmental Funds were made to support programs and projects in Special Revenue Funds until permanent funding is received. The advances are expected to be repaid within one year. The advance from Other Governmental Funds to the General Fund is return of the prior year's advance.

B. TRANSFERS

Interfund transfers during the year ended June 30, 2021 consisted of the following:

	Transfer from		Total
	General Fund	Other Governmental Funds	
Transfer to General Fund	\$ -	\$ 22,066	\$ 22,066
Capital Projects Fund	2,000,000	1,000,000	3,000,000
Other Governmental Funds	37,357	7,011	44,368
Total	\$ 2,037,357	\$ 1,029,077	\$ 3,066,434

The transfers from the General Fund were made to support programs and projects in the Special Revenue Funds and in the Capital Projects Fund. The transfer of \$1,000,000 from the Building Fund to the Capital Projects fund was to record the initial transfer in the proper fund. The remaining transfers out of Other Governmental Funds are due to the closing of grants and to properly record grant funds.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 14 - DEFINED BENEFIT PENSION PLANS

A. NET PENSION LIABILITY

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The net pension liability was measured as of July 1, 2020, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the total employer contributions of all participating entities.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

A. NET PENSION LIABILITY (continued)

Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net Pension Liability			
Prior Measurement Date	0.0637975%	0.06347213%	
Proportion of the Net Pension Liability			
Current Measurement Date	0.0612427%	0.06464704%	
Change in Proportionate Share	-0.0025548%	0.00117491%	
Proportionate Share of the Net Pension			
Liability	\$ 4,050,721	\$ 15,642,283	\$ 19,693,004
Pension Expense	\$ 293,868	\$ 1,776,688	\$ 2,070,556

***Actuarial Assumptions - SERS***

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

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

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

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

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

A. NET PENSION LIABILITY (continued)

The RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120% of male rates and 110% of female rates is used to evaluate allowances to be paid. 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 using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged 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 asset 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	2.00 %	1.85 %
US Stocks	22.50	5.75
International Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	<u>100.00 %</u>	

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

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

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

A. NET PENSION LIABILITY (continued)

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$5,548,993	\$4,050,721	\$2,793,642

***Actuarial Assumptions - STRS***

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

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent

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

Actuarial assumptions used in the July 1, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016. STRS Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

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

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

A. NET PENSION LIABILITY (continued)

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

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

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$22,271,888	\$15,642,283	\$10,024,245

B. 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, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information, and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

**B. SCHOOL EMPLOYEES' RETIREMENT SYSTEM (SERS)**

Age and service requirements for retirement are as follows:

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

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

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

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

**Funding Policy** – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was the entire 14.00 percent. No allocation was made to the Health Care Fund.

The School District's contractually required contribution to SERS was \$304,816 for fiscal year 2021.

**C. STATE TEACHERS' RETIREMENT SYSTEM (STRS)**

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

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

C. STATE TEACHERS' RETIREMENT SYSTEM (STRS) (continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent 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 or service credit at any age.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12.0 of the 14.0 percent member rates goes to the DC Plan and the remaining 2.0 percent goes to the DB plan. Member contributions to the DC plan are allocated among investment choices by the member, and contributions to the DB plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of 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 Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options in the GASB 68 schedules of employer allocation and pension amounts by employer.

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

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

C. STATE TEACHERS' RETIREMENT SYSTEM (STRS) (continued)

**Funding Policy** – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2021, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$705,408 for fiscal year 2021.

D. SOCIAL SECURITY SYSTEM

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2021, certain members of the Board of Education have elected Social Security. The School District's liability is 6.2 percent of wages paid.

NOTE 15: DEFINED BENEFIT OPEB PLANS

A. NET OPEB LIABILITY/ASSET

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability and net OPEB asset. Resulting adjustments to the net OPEB liability and net OPEB asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 15 - DEFINED BENEFIT OPEB PLANS

B. SCHOOL EMPLOYEES' RETIREMENT SYSTEM (SERS)

*Plan Description* - Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides 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.

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

Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

*Funding Policy* - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, there was no contribution made to health care. A health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000.

Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The surcharge is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$40,099 for fiscal year 2021.

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS (continued)

**C. 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, 2020. 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 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

**D. NET OPEB LIABILITY/ASSET**

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.06513600%	0.06347213%	
Proportion of the Net OPEB Liability/asset			
Current Measurement Date	<u>0.06343240%</u>	<u>0.06464704%</u>	
Change in Proportionate Share	<u>-0.00170360%</u>	<u>0.00117491%</u>	
Proportionate Share of the Net OPEB			
Liability/(asset)	\$ 1,378,593	\$ (1,136,170)	\$ 242,423

***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).

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 15 - DEFINED BENEFIT OPEB PLANS (continued)

D. NET OPEB LIABILITY/ASSET (continued)

Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	2.63 percent
Prior Measurement Date	3.22 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 15 - DEFINED BENEFIT OPEB PLANS (continued)

D. NET OPEB LIABILITY/ASSET (continued)

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

The 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	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	<u>100.00 %</u>	

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

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 15 - DEFINED BENEFIT OPEB PLANS (continued)

D. NET OPEB LIABILITY/ASSET (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 (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
School District's proportionate share of the net OPEB liability	\$ 1,687,364	\$ 1,378,593	\$ 1,133,121
	1% Decrease (6.00 % decreasing to 3.75%)	Trend Rate (7.00 % decreasing to 4.75%)	1% Increase (8.00 % decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$ 1,085,538	\$ 1,378,593	\$ 1,770,485

***Actuarial Assumptions - STRS***

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

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Payroll Increases	3 percent	
Discount Rate of Return	7.45 percent	
Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-6.69 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	11.87 percent	4.00 percent

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 15 - DEFINED BENEFIT OPEB PLANS (continued)

D. NET OPEB LIABILITY/ASSET (continued)

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

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

Actuarial assumptions used in the June 30, 2020; valuation is 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 below.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected 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><u>100.00 %</u></u>	

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

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

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS (continued)

D. NET OPEB LIABILITY/ASSET (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 liability as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	\$ 988,542	\$ 1,136,170	\$ 1,261,428
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$ 1,253,653	\$ 1,136,170	\$ 993,060

NOTE 16- CONTINGENCIES

A. GRANTS

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure 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 the responsibility 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 School District at June 30, 2021.

B. STATE FOUNDATION FUNDING

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, all ODE adjustments for fiscal year 2021 have been finalized.

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

NOTE 17 – COMMITMENTS

At June 30, 2021 the School District had the following encumbrance commitments:

	Outstanding Encumbrances
General Fund	\$ 741,844
Nonmajor governmental funds	395,695
	\$ 1,137,539

NOTE 18 – CHANGE IN ACCOUNTING PRINCIPLES

During the fiscal year, the School District implemented the following Governmental Accounting Standards Board (GASB) Statements and Guides:

GASB Implementation Guide No. *2019-1 Update* and Implementation Guide No. *2019-2 Fiduciary Activities*. These changes were incorporated in the School District’s 2020 financial statements; however, there was no effect on the beginning net position/fund balance.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statements information for certain component units. The implementation of this Statement did not have an effect on the financial statements of the School District.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implication that result from the replacement of an IBOR. The implementation of this Statement did not have an effect on the financial statements of the School District.

GASB Statement No. 84, *Fiduciary Activities*. This Statement established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. The School District reviewed its fiduciary funds and one fund will be reported in the new fiduciary fund classification of custodial funds while other funds have been reclassified as governmental funds. These fund reclassifications do not have effect on beginning net position/fund balance

**CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 19 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the School District. The School District's investment portfolio and the investments of the pension and other employee benefit plans are subject to increased market volatility, which could result in a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**NOTE 20– SUBSEQUENT EVENTS**

In August 2021, the School District approved a contract in the amount of \$4,287,000 for the construction of a wellness and fitness complex.

For fiscal year 2022, School District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, and scholarship funding will be directly funded by the State of Ohio to the respective schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the respective school. For fiscal year 2021, the School District reported \$981,601 in revenue and expenditures/expense related to these programs

**CLEARVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<b>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b><u>U.S. Department of Agriculture</u></b>			
<i>Passed through Ohio Department of Education</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	\$ 208,733	\$ 0
School Breakfast Program - COVID-19	10.553	46,091	0
National School Lunch Program	10.555	394,569	17,142
National School Lunch Program - COVID-19	10.555	67,278	0
Total Child Nutrition Cluster		<u>716,671</u>	<u>17,142</u>
<b>Total U.S. Department of Agriculture</b>		<u>716,671</u>	<u>17,142</u>
<b><u>U.S. Department of Education</u></b>			
<i>Passed through Ohio Department of Education</i>			
Title I - Grants to Local Educational Agencies	84.010	501,854	0
Title I - Grants to Local Educational Agencies - Non-competitive - Expanding Opportunities for Each Child	84.010A	9,612	0
Title I - Grants to Local Educational Agencies - Non-competitive - Supplemental School Improvement Funds	84.010A	138	0
<i>Total CFDA #84.010</i>		<u>511,604</u>	<u>0</u>
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	283,643	0
Special Education - Grants to States - Restoration	84.027A	4,360	0
Special Education Preschool Grants - Restoration	84.173A	1,213	0
Total Special Education Cluster		<u>289,216</u>	<u>0</u>
Improving Teacher Quality State Grants	84.367	58,433	0
Student Support and Academic Enrichment Program	84.424	45,592	0
Education Stabilization Fund -			
ESSER I	84.425D	376,351	0
ESSER II	84.425D	234,947	0
<i>Total CFDA #84.425</i>		<u>611,298</u>	<u>0</u>
English Language Acquisition State Grants	84.365	5,123	0
<b>Total U.S. Department of Education</b>		<u>1,521,266</u>	<u>0</u>
<b><u>U.S. Department of Treasury</u></b>			
<i>Passed through Ohio Department of Education</i>			
Coronavirus Relief Fund - Broadband Ohio Connectivity Grant	21.019	60,586	0
Coronavirus Relief Fund - Rural and Small Town Grant	21.019	84,409	0
<i>Total Passed through Ohio Department of Education</i>		<u>144,995</u>	<u>0</u>
<i>Passed through Educational Service Center of Lorain County</i>			
Coronavirus Relief Fund	21.019	10,000	0
<i>Total CFDA #21.019</i>		<u>154,995</u>	<u>0</u>
<b>Total U.S. Department of Treasury</b>		<u>154,995</u>	<u>0</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<u>\$ 2,392,932</u>	<u>\$ 17,142</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**NOTE 1: BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Clearview Local School District under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 Clearview Local School District, it is not intended to and does not present the financial position or changes in net position of the Clearview Local School District.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 3: INDIRECT COST RATE**

Clearview Local School District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4: CHILD NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**NOTE 5: FOOD DONATION PROGRAM**

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

# JAMES G. ZUPKA, C.P.A., INC.

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## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Members of the Board of Education  
Clearview Local School District  
Lorain, Ohio

The Honorable Keith Faber  
Auditor of State  
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clearview Local School District, Lorain County, Ohio, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 24, 2021, wherein we noted that the District uses a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District, and the school foundation aid received from the State of Ohio will be funded through the direct funding model.

### ***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item **2021-001**.

### ***District's Response to Finding***

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

### ***Purpose of This Report***

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



James G. Zupka, CPA, Inc.  
Certified Public Accountants

November 24, 2021

# JAMES G. ZUPKA, C.P.A., INC.

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

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## **REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Members of the Board of Education  
Clearview Local School District  
Lorain, Ohio

The Honorable Keith Faber  
Auditor of State  
State of Ohio

### ***Report on Compliance for Each Major Federal Program***

We have audited the Clearview Local School District, Lorain County, Ohio's (the District) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### ***Management's Responsibility***

Management is responsible for compliance 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 express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Clearview Local School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## ***Report on Internal Control over Compliance***

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to 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.

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



James G. Zupka, CPA, Inc.  
Certified Public Accountants

November 24, 2021

**CLEARVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

2021(i)	Type of Financial Statement Opinion	Unmodified
2021(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2021(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2021(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
2021(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2021(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2021(v)	Type of Major Programs' Compliance Opinions	Unmodified
2021(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2021(vii)	Major Programs (list):  Title I - Grants to Local Educational Agencies - CFDA #84.010 Education Stabilization Fund: ESSER I and ESSER II - CFDA #84.425D	
2021(viii)	Dollar Threshold: A/B Program	Type A: \$750,000 Type B: All Others less than \$750,000
2021(ix)	Low Risk Auditee?	No

**CLEARVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(CONTINUED)**

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

**Finding 2021-001 – Noncompliance Finding – Annual Financial Report**

Condition/Criteria

Ohio Revised Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Revised Code Section 117.38.

Ohio Administrative Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the District prepares its financial statements and notes following the cash basis of accounting. This is a comprehensive basis other than generally accepted accounting principles.

Effect

The accompanying financial statements and footnotes omit assets, liabilities, fund equities, and disclosures that, while material cannot be determined at this time. Pursuant to the Ohio Revised Code Section 117.38, the District may be fined and subject to various other administrative remedies for its failure to file the required financial report within the required time limits.

Recommendation

We recommend the District take the necessary steps to ensure the annual report is prepared in accordance with generally accepted accounting principles.

District Response

GAAP statements have not been filed since the cost of preparing GAAP statements outweighs the benefits. Clearview Local School District does not intend on filing GAAP financial statements.

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

None.

**CLEARVIEW LOCAL SCHOOL DISTRICT  
LORAIN COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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The prior audit report, as of June 30, 2020, included a material weakness.

Finding Number	Finding Summary	Status	Additional Information
2020-001	Failure to prepare financial statements in accordance with accounting principles generally accepted in the United States of America.	Finding not corrected.	Re-issued as Finding 2021-001

Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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## **INDEPENDENT AUDITOR’S REPORT ON APPLYING AGREED-UPON PROCEDURES**

Members of the Board of Education  
Clearview Local School District  
4700 Broadway Avenue  
Lorain, Ohio 44052

To the Members of the Board:

Ohio Revised Code Section 117.53 states, “The Auditor of State shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The Auditor of State shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school.”

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether the Clearview Local School District, (the District), Lorain County, Ohio, has adopted an anti-harassment policy in accordance with Ohio Revised Code Section 3313.666 for the period ended June 30, 2021. Management is responsible for complying with this requirement.

The Board has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing assistance in the evaluation of whether the District has adopted an anti-harassment policy in accordance with Ohio Revised Code § 3313.666. Additionally, the Auditor of State has agreed to and acknowledged that the procedures performed are appropriate to meet their purposes. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We observed the Board adopted an anti-harassment policy on November 19, 2012. However, this policy did not include all matters required by Ohio Revised Code § 3313.666.

The Board did not amend its policy to include matters found to be noncompliant during the previous engagement. We noted the Board was previously compliant with all requirements, except the item listed below:

A statement prohibiting students from deliberately making false reports of harassment, intimidation, or bullying and a disciplinary procedure for any student responsible for deliberately making a false report of that nature;

Ohio Revised Code § 3313.666(B) specifies the following requirements must be included in anti-harassment policies. We inspected the policy for proper inclusion of these requirements:

1. A statement prohibiting harassment, intimidation, or bullying of any student on school property, on a school bus, or at school-sponsored events and expressly providing for the possibility of suspension of a student found responsible for harassment, intimidation, or bullying by an electronic act;
2. A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Revised Code § 3313.666. The act defines that term as “any intentional written, verbal, electronic or physical act that a student has exhibited toward another particular student more than once and the behavior both (1) causes mental or physical harm to the other student, (2) is sufficiently severe, persistent, or pervasive that it creates an intimidating, threatening, or abusive educational environment for the other student,” and violence within a dating relationship.;
3. A procedure for reporting prohibited incidents;
4. A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
5. A requirement that the custodial parent or guardian of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the “Family Educational Rights and Privacy Act of 1974,” 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
6. A procedure for documenting any prohibited incident that is reported;
7. A procedure for responding to and investigating any reported incident;
8. A strategy for protecting a victim from new or additional harassment, intimidation, or bullying, and from retaliation following a report, including a means by which a person may report an incident anonymously;
9. A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student’s rights under the first amendment to the Constitution of the United States;
10. A statement prohibiting students from deliberately making false reports of harassment, intimidation, or bullying and a disciplinary procedure for any student responsible for deliberately making a false report of that nature;
11. A requirement that the administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Ohio Revised Code and the “Family Educational Rights and Privacy Act of 1974,” 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were engaged by the District to perform this agreed-upon procedure engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our ethical responsibilities, in accordance with the ethical requirements established by the Comptroller General of the United States' *Government Auditing Standards* related to our agreed upon procedures engagement.

James G. Zupka, CPA, Inc.  
Certified Public Accountants

November 24, 2021